

HOUSE OF REPRESENTATIVES.

TUESDAY, March 19, 1918.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Eternal God, our heavenly Father, strengthen every fiber of our being and help us to concentrate our thought and energy on the successful prosecution of the war, which we have entered in behalf of human liberty and human rights. Encourage us by the great truth that right reenforced by wisdom, integrity, courage, and imperishable faith in Thee, the living God, is the greatest force vouchsafed to man.

Hear us, O God our Father, and grant speedy success to our arms, for the sake of humanity, in His Name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS.

Mr. LONERGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House joint resolution No. 154.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his remarks on House joint resolution No. 154. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE.

Mr. JOHNSON of Kentucky. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Kentucky [Mr. JOHNSON] asks unanimous consent to address the House for three minutes.

Mr. GILLETT. Mr. Speaker, inasmuch as it was agreed that we should have an hour's debate this morning, I do not think it is fair to curtail that.

The SPEAKER. The gentleman from Massachusetts objects.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed the following resolutions:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN H. CARSTICK, late a Representative from the State of New Jersey.

Resolved, That a committee of eight Senators be appointed by the Vice President to join a committee appointed by the House of Representatives to take order for superintending the funeral of the deceased.

Resolved, That the Secretary communicate a copy of these resolutions to the House of Representatives.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

And that in compliance with the foregoing resolution the Vice President had appointed the senior Senator from New Jersey [Mr. FRELINGHUYSEN], the junior Senator from New Jersey [Mr. BAIRD], the Senator from West Virginia [Mr. SUTHERLAND], the Senator from Indiana [Mr. NEW], the Senator from Idaho [Mr. NUGENT], the Senator from Tennessee [Mr. McKELAR], the Senator from Arizona [Mr. ASHURST], and the Senator from Georgia [Mr. HARDWICK] as the committee on the part of the Senate.

The message also announced that the Vice President had appointed Mr. FRANCE and Mr. HOLLIS members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the Department of Labor.

The message also announced that the President had, on March 18, 1918, approved and signed bill of the following title:

S. 3471. An act to authorize the Secretary of War to grant furloughs without pay and allowances to enlisted men of the Army of the United States.

LEAVE OF ABSENCE.

Mr. THOMAS F. SMITH, by unanimous consent, was granted leave of absence for two weeks, on account of illness.

INDUSTRIAL CREDITS.

Mr. KITCHIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10608) known as the war corporation finance bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10608, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The Clerk will report the bill by title.

The Clerk read the bill, as follows:

A bill (H. R. 10608) to provide further for the national security and defense and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and for other purposes.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, I really ought not to undertake to speak, for I have not been very well and my throat is bothering me a lot, yet I feel I ought to say a word about the pending bill.

We are living in an extraordinary period, and we are required to do extraordinary things. The pending bill, known as the war-finance corporation bill, is one of the radical pieces of legislation that has been submitted to the consideration of Congress, and I confess when it was first submitted it amazed me. But I realize, after careful study of the problems involved, that we are called upon to do many things during this war period that we would not even have stopped to consider for a moment in times of peace.

Mr. GARNER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. GARNER. I venture the suggestion, if the gentleman will permit, that when this bill was first submitted nine men out of ten were astounded at the suggestion of such legislation, and that if they had been called upon right at that moment nine out of ten would have voted against it, and I think to-day probably nine out of ten are in favor of the bill.

Mr. MADDEN. I agree with the gentleman from Texas. It is a radical departure from the ordinary movements of Government in times of peace. But we are in a period of war, and everything we do is radical and must of necessity be radical. And the main object of the Government and the people of the United States during this war period must be the winning of the war, and anything that will aid in the accomplishment of that purpose must be done.

There ought not to be any hesitation about it. This bill, when it first came to the light, proposed, as it does to-day, the organization of a corporation with \$500,000,000 of capital, to be furnished from the Treasury of the United States, and the right to issue securities amounting to \$4,000,000,000 more, to be managed by the Secretary of the Treasury in fact, although in name it was proposed to associate with him four other gentlemen, called a board, over which board he was to preside. He was to have the power to name the board, to discharge it, and to veto anything that it might do. That seemed to be radical. I was pleasantly surprised upon consultation with the chairman of the Ways and Means Committee and other members of the committee, both Democrat and Republican, to find that they did not agree that such a radical course should be pursued. In the course of the consideration of the bill before the Committee on Ways and Means I had the privilege of appearing, and I made two or three suggestions which I may reiterate.

I thought that instead of the Secretary of the Treasury having the power to name a board to manage this great corporation, the Federal reserve banks, the regional banks, ought to have the power to either name or nominate to the President the men who were to act as the board of directors, and the reason why I thought that should be so is that the capital of the regional banks, amounting to \$72,000,000, is all furnished by the member banks, and the members furnishing the directors of the regional banks, and that these national banks have on deposit in the regional banks about \$1,500,000,000, on which they draw no interest; and they, it seemed to me, would be sufficiently interested in the proper management of the corporation provided for in this bill to see that no improper loans were made.

I feared that with the enormous weight of duty imposed upon the Secretary of the Treasury through the manifold positions that he occupies he would not be able to give the consideration to the problems involved in the operations of this corporation that their importance entitle them to. And I also thought, and still think, that there should be advisory boards elected by the regional banks, to pass upon the applications for loans through this corporation, originating within the region, and that the board itself should be limited in its power to make such loans as might be recommended by the regional boards—the advisory boards. The purpose of my suggestion was to furnish the board that takes final action the specific information as to the validity and the justice of the claims for assistance. I realize that some such legislation as this must be enacted, and I also realize that it should be surrounded by every safeguard possible.

The Ways and Means Committee entered upon the consideration of this bill with the determination so to amend it that it would, when reported to the House, come as nearly as possible

to meeting the expectations of the business public. The only justification, the real justification, for the enactment of the law is that the Government itself has absorbed all of the financial life of the country, if I may so speak, in the sale of its liberty bonds, and that has made it almost, if not quite, impossible for the banks themselves to furnish the needed help to industrial enterprises. And so the Government having taken the place of the financial institutions of the country and absorbed all the loaning power of the country, it seemed that there might be danger of destroying a great many business activities unless the Government itself came to the rescue. And so the thought was suggested that this corporation might fill that place.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. I would like to know the gentleman's opinion, as a practical business man, as to the wisdom of having the Secretary of the Treasury a part of this board at all.

Mr. MADDEN. Well, it seems to me you could not permit any board to be organized to manage a great corporation like this, where its activities must in a large sense coordinate with the Treasury of the United States, without the Secretary of the Treasury in a sense being the guiding spirit. Everything that this corporation does must be done in harmony with the policy of the Treasury of the United States, and the Secretary of the Treasury, being the responsible Government official to direct the movements of the Treasury, he must of necessity be a member of this board, not having the veto power over the actions of the board except in cases where their action might conflict with the policy of the department. In that case he ought to have the veto power.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. JOHNSON of Washington. Does not that mean, in essence, that the board will be simply advisory to the Secretary of the Treasury?

Mr. MADDEN. Not necessarily. The board, as I proposed it, should either have been elected by the regional banks, or nominated by such banks to the President for submission to the Senate for confirmation, and I suggested that there should be 12 members of the board, or 13 including the Secretary of the Treasury.

Mr. JOHNSON of Washington. Will the gentleman offer that amendment?

Mr. MADDEN. I think the committee has fairly met that suggestion.

Mr. JOHNSON of Washington. Then that suggestion is out of the question?

Mr. MADDEN. No. I think they have met the suggestion under the circumstances fairly. I suggested that they ought to have a board of 12, with the Secretary as ex officio chairman; that the 12 members should be elected by the regional bank directors, or that they should be nominated by the President to the Senate and confirmed by the Senate. That would make the board absolutely independent of the Secretary of the Treasury. But I believe, from the way in which the Ways and Means Committee have provided for the selection of the board, they will be independent of the Secretary of the Treasury except in cases where the Secretary of the Treasury should decide whether what they do conflicts with the policy of the Treasury Department.

Mr. LONGWORTH. Mr. Chairman, if the gentleman will pardon me, for instance, the interest rate of these securities—the Secretary of the Treasury ought to supervise that. Otherwise it might be dangerous competition with the bonds.

Mr. MADDEN. Yes.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. Take this situation: The Secretary of the Treasury is chairman of the board. All well and good. Everything that is to be done can be done by the three of the five members with the approval of the Secretary.

Mr. LONGWORTH. No; the gentleman is quite wrong. That applies only to one particular section of the bill. In every other part of the bill it is a majority of the board, without the approval of the Secretary of the Treasury.

Mr. MEEKER. Well, then, on the issuance of this stock the president of the board, the Secretary of the Treasury, must act on that, must he not?

Mr. MADDEN. There will be only one certificate of stock.

Mr. MEEKER. On the amount of money paid in. The Secretary of the Treasury, who is chairman of the board, passes on that, and then reports back to himself as to the amount paid in.

Mr. MADDEN. He reports to the board. The board is an independent entity. The Secretary of the Treasury, as such, has nothing to do with this board except to veto any action taken by the board that will conflict with the policy of the department, as in the case suggested by the gentleman from Ohio [Mr. LONGWORTH].

Mr. MEEKER. While acting on the board he is Secretary of the Treasury.

Mr. MADDEN. That is true; but the two functions are distinct and apart, and the obligations of the Secretary of the Treasury, as such, have no relation whatever to the chairman of this board, as such. One of the great dangers in the organization of this corporation, as I saw at the beginning—and it still may exist—is that when the corporation commences to do business it will find itself compelled to issue securities, perhaps bonds—short-time bonds. These bonds, perhaps, will be handed over to those who need financial help.

They in turn will go to the banks, member banks of the Federal reserve, and they will borrow money on the bonds, and later on these member banks will be obliged to go to the regional banks to borrow money, and they will make their own paper, no doubt, and they will furnish the bonds of this corporation as security for the paper which they themselves make, and upon that paper, rediscounted, backed up by the collateral of this corporation, the Federal reserve banks of the United States may find themselves issuing new notes. Now, to guard against the possibility of issuing too large a number of notes on the security which this corporation will supply, the Ways and Means Committee have provided that there shall be a 1 per cent additional charge for any loan made or currency issued by the regional banks upon the security of this corporation.

Mr. STERLING of Illinois. Mr. Chairman, on that point will the gentleman yield to me?

Mr. MADDEN. Yes.

Mr. STERLING of Illinois. Does the gentleman think that 1 per cent is too high?

Mr. MADDEN. No.

Mr. STERLING of Illinois. There has been some controversy about that.

Mr. MADDEN. The important thing is to protect the integrity of the Federal reserve banks, and the charge of 1 per cent interest over that prevailing on ordinary rediscounts will help to do that.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. I would like to ask for five minutes more.

Mr. MOORE of Pennsylvania. I regret that I will not have the time to extend the gentleman's time.

Mr. MADDEN. All right.

Mr. JOHNSON of Washington. Mr. Chairman, I ask unanimous consent that an additional five minutes be taken out of one's time and given to the gentleman from Illinois.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADDEN. It will no doubt be argued that the creation of this corporation, with authority to issue securities and make loans amounting to \$4,500,000,000, will result in an expansion of credit which must prove dangerous to the business structure of the country. But when we consider the fact that the Government is monopolizing the finances of the country by the sale of liberty bonds, it will be apparent that since it has closed the doors of the banks to many deserving enterprises needing financial assistance it must in justice to these enterprises come to their aid if they are to continue to do business, and this is especially true if the business is one producing war material. We must not forget that the war is now the most important activity of the Government, to win which all our energies, financial and otherwise, must be exerted.

The savings banks find their deposits falling by the withdrawal of funds for the purchase of liberty bonds. These banks have good securities in their vaults for which there is now no market, and this corporation will have authority to loan them its bonds, taking the notes of the banks secured by such collateral as they have, on the basis of \$1.33 of value for every dollar advanced. The savings banks would thus be able to go to the national banks, members of the Federal reserve banks, and borrow on the bonds of this corporation. The national banks could, in turn, go to the regional reserve banks and rediscount their notes with the corporation bonds as collateral and secure regional notes to meet the demands of business. But why not give the Federal reserve banks authority to do

what it is proposed to do through this corporation, since it seems the Federal reserve banks are to be permitted to issue notes for circulation against the nonliquid paper of the war-finance corporation.

The answer must be obvious. This corporation is authorized to make direct loans to needy, deserving business concerns whose activities are essential to the successful prosecution of the war. That relief could not be granted through the Federal Reserve System. It is proposed that the war finance corporation shall make advances to banks or bankers who have loans outstanding to corporations doing a war business—that is, a business which is being conducted for the purpose of aiding in the prosecution of the war. But advances made to such banks can not exceed 75 per cent of the face value of such loans, and must be secured by the note of the bank, supplemented by such security as the bank holds as the basis for the advance. The war finance corporation is authorized to buy, sell, and deal in bonds of the United States—the purpose being to stabilize the market on liberty bonds and other obligations of the United States.

There are many important phases of this bill which I should like to discuss, but the time allotted me will not permit. I shall, therefore, conclude by calling the attention of the House to the fact that the first draft of the bill conferred the power on the board to license every business in the country and prevented the issue of securities in excess of \$100,000 by any corporation without express authority of this board. That has been changed to provide for the creation of a capital-issues committee, whose duty it will be to pass on the question of whether security issues by private corporations in excess of \$100,000 is compatible with the public interest during the war.

The committee has no power, however, to prevent such security issues, but it is believed its advice and counsel will have great weight in preventing the use of capital in industries that have not part in fighting the war. Extraordinary as the legislation is, so far afield from what one would consider sane and safe finance in times of peace, I am bound to believe that conditions created by the war may call for just such financial assistance as this legislation is intended to afford, and I give it my sanction because I wish nothing to be left undone to insure the success of our armies and the preservation of the country's business integrity. I hope the President will select men of ability and experience to administer the law, and that each man selected will do his best to meet the needs of the hour by devoting himself to his task with an eye single to the country's prestige at home and abroad.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. FESS].

The CHAIRMAN. The gentleman from Ohio is recognized for 15 minutes.

Mr. FESS. Mr. Chairman, I am persuaded that the question asked by the gentleman from Missouri [Mr. MEEKER] as to the power of the Secretary of the Treasury in the administration of this law was inspired by his desire, as expressed in the hearings, in which the Secretary of the Treasury made this quite remarkable statement—

Mr. JOHNSON of Washington. On what page?

Mr. FESS. On page 76. He said:

I have great respect for boards and commissions. In peace times I think they are very desirable things. In war times I do not know of anything that is less desirable.

Further down on the same page, in illustrating his desire to be not interrupted by having a divided responsibility, he uses his own position as Secretary of the Treasury to illustrate it. He says:

Now, take the Assistant Secretaries of the Treasury to illustrate the point. There are five splendid men who are Assistant Secretaries of the Treasury. I do not know of a finer spirit than those men exhibit. They will work all night and all day and go no limit to help out and do the job. There is perfect harmony, and we all get along splendidly. I have my conferences with them, and we sit down and talk things over, and we decide upon a policy, and everybody gets busy and puts it through. I imagine, though, that if the Assistant Secretaries of the Treasury were not my subordinates, so that they would have to accept my decision, I might find it very much more difficult to get quick action, because very frequently when men all have an equal vote they are more tenacious of opinion and more willing to assert it.

An opinion of the necessity of absolute control of this proposed corporation by the Secretary of the Treasury could not be more clearly expressed. It leaves no doubt in any mind on that point.

That evidently was the thing that was in the minds of those who have been concerned over the question of control.

Mr. SHERWOOD. Is that the testimony before the Ways and Means Committee?

Mr. FESS. I will say to my friend that it is. I have read from the hearings the Secretary's own words.

Mr. MOORE of Pennsylvania. Does the gentleman object to my reading in that connection the reply paragraph of the bill which pertains to that point?

Mr. FESS. I will ask my friend not to insist on it now, since my time is so limited.

Mr. MOORE of Pennsylvania. I think the committee have corrected it.

Mr. FESS. I will state frankly that the committee have corrected that. And may I say this, too—

Mr. JOHNSON of Washington. We depended on these hearings for information.

Mr. FESS. May I say that I felicitate this House upon the position of the Committee on Ways and Means in refusing to follow the sickly, sickening servility that has been manifested in so many committees in the House in the last few years? [Applause.]

Mr. LONGWORTH. May I add in that connection that in the original bill the words "with the approval of the Secretary of the Treasury" appeared seventeen times? The committee cut out those words in all except three cases, where we thought they were necessary on account of the broad governmental policy that ought to be pursued as between the two functions of the Government.

Mr. FESS. The committee has displayed a healthful attitude in respect to its function as a committee of a legislative body. The tendency in recent years to await the orders of a department, organically coordinate but rapidly becoming the head of legislation, as well as the executive, can have but one result if allowed to run its course uninterrupted.

The bill as it appears now, compared with what it was when it came from the Treasury Department, bears the mark of a real legislative committee. It is shorn of many symptoms of bureaucratic government.

The observation of my colleague, Mr. LONGWORTH, a member of the committee, is another evidence of the independence of the committee in doing their own thinking and not taking orders. I am intent on this, that the House is in danger of a state of atrophy if it does not exercise its right to initiate legislation and leave it to the Executive to sign or to veto it, which is his proper function, and not to initiate it. This is a splendid display of that independence, and I congratulate the committee. As I said before, I am in hearty sympathy with the purpose of this legislation.

Mr. JOHNSON of Washington. One question.

Mr. FESS. I have only a little time, and I had hoped to have an hour on this subject. Some of the statements made by the Secretary of the Treasury and also by Mr. Warburg when they officially informed the committee of the needs of this legislation have aroused tremendous suspicion in my mind; and I admit that although recognizing the emergent condition that faces us in war, I was greatly disturbed as to what this legislation might mean in the minds of the men who proposed it. I do not refer to the committee but to the Treasury officials. When we raise the question, as it has been raised throughout the country, of the danger of inflation, I do not mean expansion of the currency but inflation of credit which is identical with inflation of the currency in its effect. We are assured that no danger can come from that source. If you inflate credit you have an abnormal price of goods on sale just as you would have if you inflate the currency of the country. Such movement is an increase in price but not an increase in value, and in the nature of the case such artificial price current must be a serious condition financially when the country goes upon an inflated basis, whether you express it in currency or in credit. There must not be a confusion here by attempting to differentiate where there is no distinction. When the question was asked in the Committee on Ways and Means, the Secretary of the Treasury made the statement that there would not be any inflation. He said:

There has been some criticism of the bill on the idea that in some way or other there will be currency inflation. Any idea of currency inflation must result from a misconception as to the bonds issued by the corporation, for there is no danger that such securities will cause inflation through an undue expansion of the circulating medium of the country.

Here is his assurance against the inflation of the circulating medium which is no assurance against the same result under another terminology.

In another place the Secretary of the Treasury says that this proposed legislation is to prevent inflation that otherwise would come if we did not have some legislation of this sort. The Secretary of the Treasury may be correct to the letter when he says it will not inflate the currency. Technically that may be true, but certainly no such assurance can come from the bill itself. I do not believe that there will be any surer results than a great expansion of the currency. While he says that you

can not take these bonds and directly convert them into Treasury notes or Federal reserve notes, he does not say that you can not do it indirectly by allowing the banks to take the bonds, and then take the credit of the bank to the Federal reserve, and thereby convert it into Federal reserve notes. Now, that is an inflation of the currency. We are assured that the corporation bonds have no circulatory function. True, but the credit represented by them can indirectly be converted into circulating notes.

This is conceded by the requirement to charge a penalty of an additional 1 per cent to discourage the transaction and also to hasten their retirement.

I am confident in my own mind that this proposal will furnish the basis for a vast increase of our circulation.

It is not enough to say they will not be issued. The supreme question is, Can they be issued? They can be and in war time they will be issued.

Mr. SLOAN. If the gentleman from Ohio will yield, I have an important statement to make. Is the gentleman aware that he is specially favored, not only by the attendance here in the Chamber but an audience in the gallery the superior of which seldom appears in an American auditorium. [Applause.] I refer to several hundred splendid young American engineers of the One hundred and twenty-third who have come from Laurel this morning to visit the House of Representatives, to honor the gentleman who is addressing us, and to honor this body with their presence. It is especially fitting that the gentleman from Ohio [Mr. Fess], one of America's leading educators and statesmen, should speak in the hearing of the young militant manhood of whom all are school men and 75 per cent are college men.

To the young men of the One hundred and twenty-third United States Engineers, many of whom "have come out of the West," permit me to say that the debate to which you have listened was upon the most gigantic financial war measure ever considered by Congress or Parliament. It is designed to aid the business of the country so that your arms and those of your million comrades may be sustained in the mighty world conflict. Your technical learning and skill will be a great factor in the fight. We know you will do your part. We are trying to do ours. Your purposes and ours merge into a unit to inspire friends and dismay all who would stand against our national will. You are all clean, brave, estimable, gallant young Americans, who will prepare the way for the boys in the multiplied thousands to go over the top in France, where many of you soon expect to be. We wish you Godspeed. We bespeak victory. [Applause.]

Mr. FESS. It is fitting that Mr. SLOAN, a distinguished member of the committee which has charge of this measure, has called attention to the presence of these sons who have come to the colors. It but intensifies the country's situation which calls upon the Congress to enact war legislation such as we are now considering and such as has held this Congress for more than a year of intensive preparation. To you young men we give a Nation's devotion, for we well know you are offering a costly sacrifice if necessary for her honor, and safety.

Now, if I may have the attention of the committee, I had hoped to have something to say that would invite the closest attention of the Members of this House. While it may be true—which I will not admit—that there is no inflation of the currency in this bill, nobody would think of saying that there is no inflation of credits in the bill. And in the last analysis inflation of credits is inflation of the currency, for you can not separate them. The truth about the matter is that any attempt to finance this war outside of the income of the Nation as measured in the savings of her people represents inflation. We have only two ways to utilize the income in the prosecution of the war. Our income is variously estimated at from \$40,000,000,000 to \$50,000,000,000 annually. Probably our savings will not reach more than \$6,000,000,000, but that is because we are wasteful.

Mr. MADDEN. Our average savings are \$4,000,000,000.

Mr. FESS. They ought to reach many times that.

Mr. MADDEN. No; they could not do that.

Mr. FESS. And what we should do is to finance the war through the real wealth of the country as it is found in the hands of the citizens of the country. One way is to do it by taxation. All will admit that such a war as we now face can not be financed by taxation alone. Another way is to do it by taking the earnings of the people through the form of loans in the issuance of Government bonds. Taxation has reached the annual sum of \$2,500,000,000, which is pretty high. Loans probably will reach \$6,000,000,000 or \$7,000,000,000. The cost of the war, on the other hand, will reach a figure double the sum of the two sources—tax and loans—and the difference between

the cost of the war and the money that is raised either by taxation or loans must measure the amount of credit that we must create, and which is proposed to be extended when this bill becomes a law. Here is the danger: When you undertake to do business by borrowing from banks instead of borrowing from individuals, just in that degree you undertake to lend by borrowing, and that is always a dangerous proposition unless within paying ability. It is precisely what we do if I go to the bank and say to my bank, "I want \$1,000 of a loan that I wish to invest in liberty bonds." The Government lets me have the bonds. I turn the bonds over to the bank as collateral security for the money I borrow from the bank. I, of course, give my note to the bank. Here are two credits. The one is the Government giving its credit to me because I give it the money that I borrow from the bank, and the other is the bank loaning me the money which I must some day pay out of my earnings. Now, if I do not save and pay the bank, you have still got two sources of credit there piling one on the other. Is it possible? The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. Since the gentleman's speech was interrupted, I yield to him two minutes more.

Mr. FESS. This transaction by which I borrow in order to lend is one of the chief incidents of expanded credit. If bonds are purchased by the banks instead of by the individuals, it is expanding credit.

I am persuaded much of this was done in the last liberty loan campaign. Many of these bank notes remain still unpaid, which of itself will prove a deterrent in the next loan campaign.

I want to announce one or two principles as principles of sound finance which must not be lost sight of even in time of war. If the production of the country runs behind the credit of the country, then you have inflation. If the service and the goods that are sold in the form of labor and products of labor keep pace with the credit of the country, there is no inflation. But if credit runs ahead of that stage to that degree, it is inflated. I admit that in war times it is probably impossible to keep the two things together, and therefore inflation of credit is almost inevitable in a time of war. That being the case there is bound to be abnormal prices, as is so apparent to us all. To-day we are in an inflated era. People speak about the amount of interest demanded. People are demanding more interest, which is invariably the case in war times, and that is only a measure of inflation, and whenever you disturb the relationship between the circulating medium and the goods to be exchanged in the market by increasing the volume of the purchasing power without increasing the real purchasing power, you thereby decrease the net purchasing power, and in that case you have inflation. By increasing the volume of the measuring units, you decrease the purchasing power of the unit.

Mr. Chairman, we here propose a bill the ostensible and openly avowed purpose of which is to expand our credits. We do it at the end of the first year of the war.

England did the same thing, only in a different way. It is true all Europe has long ago gone on a paper basis, which took off all restraints of expansion.

On December 13, 1917, a special committee of the Treasury appointed to report on the cause of the cost of living in England made its report public.

I here insert a brief abstract of that report:

Your committee have consequently found themselves obliged to extend their inquiry into the causes of the increase in prices and the possible checks that may be applied.

The chief causes are:

The expansion of credits during the war.

The demand of commodities exceeding the supply and the inadequacy of Government action to control prices.

Increase of wages and consequent increase in the cost of production.

Increase in the rates of profits.

Unfavorable rates of exchange in some of the countries from which supplies are imported.

Some of these are at once effects of the increase of prices and causes of further increases.

It would be difficult, and it is also unnecessary, to determine what is the order of importance of these various factors. But it is certain that among the most important is the expansion of credits.

If it had been possible to finance the war from day to day by means entirely of the process of taxation and of loans of money drawn from the savings of the people, there can be no doubt that the general increase of prices would have been considerably less than it has been; the result would have been to transfer purchasing power from the hands of individuals to the hands of the Government. But the Government, through the Bank of England and the joint-stock banks, has created large new credits to enable its contractors to expand their production. It has also borrowed from the Bank of England large sums on ways-and-means advances, and, in so far as these advances have not been offset by equivalent borrowings from the market on the part of the bank, which has not always been the case, this operation has been a pure creation of credit.

The recommendations for remedial legislation to correct the errors were as follows:

Our recommendations in respect of those aspects of the question of prices which are dealt with in this report are as follows:

1. Whatever measures are possible should be taken by the Government to avoid the creation of new credits in financing the war.
2. An inquiry should be set on foot to ascertain what has been the actual increase in the cost of living to the working classes and how far it has been counterbalanced by advances apart from wage advances due to war conditions.
3. The measures for the limitation of profits should be continued and stronger and should be made more widely known to the people.
4. The strongest case should be required to be established before any advance in wages is conceded on any grounds other than the rise in the cost of living. Nor should it be regarded as a rule—and we have no reason to think that labor in general would wish that it should—that wage earners in receipt of not inadequate pay before the war should be exempted from the share in the economic sacrifices involved by a state of war.
5. A single policy under the general direction of one authority should be adopted in all industries in the determination of wage questions.

These recommendations are in line with the American Economic Association.

Mr. Chairman, while I recognize the serious state of affairs produced by the war and note the reason urged by the committee that we have no other recourse, we can not saddle this on the Federal Reserve System, and war commands this relief as here proposed. I can not help but also observe that the statement the Federal Reserve System can not carry it is an admission of the danger of the proposal.

The statement that war demands it and we must grant it leads all thoughtful Members here to inquire what will be our attitude when before long almost inevitably a measure will come in here demanding a lowering of the gold reserve. When we are told that we must go on a paper basis because of the war, what then will be our answer?

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman and gentlemen, since the members of the Ways and Means Committee are coming, one by one, before this House, which is sitting in Committee of the Whole for consideration of the war-finance bill, are confessing that when they first looked at this proposition, this bill that passed the Senate of the United States, they were astounded and thought it preposterous, they can not blame the membership of the House for going through a hard mental process in trying to arrive at a determination to support the revised bill of the Ways and Means Committee, which is the Senate bill cut in half.

It was stated here a moment ago that the words "subject to the approval of the Secretary of the Treasury" had appeared in the bill as it first came to the House seventeen times. The members of the Ways and Means Committee point with much pride to the fact that they reduced the number of times that expression appeared in the bill to three.

Now, Members like myself, who have served only five years or less, and who are not in position to demand much time for debate, will find themselves in the course of a short time compelled to accept whatever comes out of conference between House and Senate. Nobody can say whether that expression will be found in the final bill three times or any number of times up to seventeen.

Mr. HELVERING. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. HELVERING. The gentleman realizes that when the matter involved directly affects the Treasury and the amount of money in the Treasury, undoubtedly it should be subject to the approval of the Secretary of the Treasury.

Mr. JOHNSON of Washington. I agree to that, of course.

Mr. HELVERING. And the gentleman will find in the bill that there are no things left to the final decision of the Secretary of the Treasury except where it affects the Treasury itself.

Mr. JOHNSON of Washington. Nor do I object to that. I am calling attention to the work the committee congratulates itself on having done. Further, I am doing everything I can to follow the debate to the point where I can vote for the bill. But I can not bring myself to think that the Federal corporation bonds are not to bear the absolute approval of the United States. If we must have a central bank, why not have a full-fledged central bank?

I can not relieve myself of a conviction that the new War Finance Corporation, with its \$500,000,000 of capital stock, paid for out of the United States Treasury, and its \$2,000,000,000 of bonds of the corporation's own issue, is to become a great holding company for the railroads and the public-service corporations—even the water-power corporations. The War Finance Corporation will give its bonds for the bonds of the railroads and these corporations.

In course of time the railroads will find that they are unable to take back their bonds. The physical property of the railroads is the security. Your War Finance Corporation is then

the real owner of the railroads. We do not seem to be able to come out in the open. We do not discuss whether, in voting for this bill, we are voting for Government ownership of railroads. The railroads are now scrambled, and I doubt if they can ever be unscrambled. How will the unscrambling take place if this War Finance Corporation holds and can not rid itself of the railroads' bonds? This is, in my opinion, the big problem which the bill presents, aside from the immediate necessities of extending credits. These might be cared for through an extension of the Federal Reserve System.

I regret that during the debate on this bill, which, I think, the most important measure in Congress since the declaration of war itself, that some of the great committees of the House are obliged to sit in the committee rooms outside of the Chamber while the House is in session. Hearings of the special committee on water power are on, the hearings before the Military Affairs Committee are on, the hearings before the Naval Affairs Committee are on—all attended by distinguished and far-sighted Members of this House—and so the attendance here, both yesterday and to-day, is limited—limited during discussion of a measure which will cause more discussion and controversy than any law enacted in connection with the war. This is a radical and revolutionary bill. In spite of the statement of the great Ways and Means Committee that they have harmonized it and cut it down and have done the best they could, it is still radical and revolutionary. I am inclined at this time to follow the position taken by the gentleman from California [Mr. HAYES] and by the gentleman from Pennsylvania [Mr. McFADDEN]. I regret that the bill was not referred to the Committee on Banking and Currency.

Mr. Chairman, I hope that a vote will not be reached on this bill to-day, so that gentlemen who have spoken may be able to place their speeches in the Record. The debate has run two days. The statement has been made that it is hoped to reach a vote to-night. In endeavoring to read in the Record the speeches made on the floor, I find that in quite a number of instances remarks have been withheld. I think the membership of the House should have the benefit of all the remarks in addition to the printed hearings. From time to time recently I have spoken of the bill as a bill to incorporate Mr. McAdoo. But the bill has been revised. Now it is a bill to incorporate Mr. McAdoo and four others, the chief of whom is likely to be Mr. Warburg. Now, we might just as well come out in the open. If it is necessary to do this thing, let us take off the camouflage and do it. Let the tail go with the hide. We are in the war game to the end. I doubt if many will pretend to a belief that the war will be over in less than four or five years, and it is my belief that this War Finance Corporation, once authorized, will not come to an end in 50 years. [Applause.]

I desire to emphasize and call attention to the statement made yesterday by the gentleman from Pennsylvania [Mr. McFADDEN], as follows:

Let the United States make such loans as are absolutely necessary to win this war direct to the public utilities, railroads, and industry—supervised by the best brains that this country affords, and thus instill into the public mind an air of confidence instead of suspicion. This confidence when thus acquired by the people will respond in a patriotic manner in the payment of an equitable amount of taxes and subscribe for bonds of the United States on long time, bearing a proper rate of interest. Stop the profiteering and the 10 per cent plus contracts. Convince the public that the billions are being used wisely, honestly, and efficiently to win the war and the best people on the face of this earth, the American people, will respond in the granting of all the credit that is necessary to win this war, if it takes the last dollar that America possesses.

Mr. Chairman, I reserve the right to vote for or against the measure. It has room for much amendment. Some proposed amendments should be adopted. Time for the debate should be extended. I do not criticize the Ways and Means Committee. I presume the members reached a harmonious report by the same processes that brought out the last fearful and wonderful war-revenue bill, for which we all voted, most of us under protest.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield five minutes to the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. Mr. Chairman, the time limit allows only a general statement as to the principles of this bill. It creates a corporation greater than the former United States Bank, one charged with the same kind of powers but immeasurably greater, and to be exercised with much more liberty in time of war. In war our trouble is generally inflation by the issue of United States bonds and money and, most of all during the Civil War, by the issue of greenbacks. The Federal reserve notes are in their nature greenbacks. They have a reserve of 40 per cent only. Their increase is something to look at with fear when we see that there are—I think I am right—already sixteen hundred and sixty-five million dollars of Federal reserve notes.

They are issued to bolster credits in the banks. Those credits originally were intended to be commercial paper, which means paper issued on a transaction, a bargain, and a sale. They are now intended openly under this bill to be permanent loans for the industries of this country, whether it be factories, farms, transportation, or shipbuilding or for general purposes, for work only must win this war. I share the views of the gentleman from Ohio [Mr. Fess], so well stated by him. I believe that income only can finance this war, and I shall ask permission, by way of showing how income can be derived, to insert as an appendix to my remarks section 75 of the internal-revenue act of 1862-63, whereby every industry, as the goods went over the counter of the manufacturers, paid 2 or 3 per cent or a specific tax, so that money came in and was paid every month. Ancillary to internal revenue there were, of course, tariff duties.

Our present scheme of collecting by a yearly accounting up to the 1st of January is becoming very onerous and dangerous. It is upsetting our money market, because it is all paid at one time. Now that the income-tax limit has been reduced to \$1,000 for exemption it is offending great masses of the people of the country who are not used to going into a careful accounting every year. We must have something that will give us real power to get revenue.

I want now to point out one or two other matters. Neither credit nor money will produce labor if it does not exist. During the Civil War, when we had not the labor, immigrants flocked from all over the world and filled not only our armies but our railroads, our factories, and our farms. We get none now. We must send to the war or to occupations connected with the war a very large proportion of our able-bodied men, and we must make the rest do much more than they ever did before in order to do the necessary work of the war. In order to do that we may have to "dilute" our labor, as the phrase is abroad, by educating even women to work in the iron mills and run the lathes, the planes, the punch, and the crane. We must get away from all rules, as Europe has done, which prevented apprentices of any kind going into work. We must get rid of the idea that an employer can discharge his men or that the men can leave their work. They must stay at that work, the work of the war. We must come to that; but just at the present time I enter my protest against the immense waste of labor that is taking place. It is said we want to put 30,000 or 80,000 or 100,000 new people as clerks into this city. Perhaps there are too many clerks, but if there were 200,000 a city of 300,000 could double up and the clerks could be billeted in the various houses and quartered there, according to the Constitution, in time of war, according to law, and then there would not be waste of the labor of carpenters and mechanics who ought to be employed now in building ships if we are going to win this war. We are wasting labor.

I fear that this great corporation may be used to encourage something other than mere war work. If this corporation is used to encourage in the United States work in the erection of buildings when we can use what we already have, it will waste labor. If it be used only to encourage and control the enormous quantities of things which must be produced for the war, and will take care of our soldiers, then that is proper labor. We will have to trust the Executive, and probably, therefore, we shall all vote for this bill; but we almost have to look above for aid to see that labor is not wasted.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. FESS. We are inclined to vote for the bill because of necessity that faces us. What will be our attitude when the necessity comes that we must reduce our gold reserve?

Mr. PARKER of New Jersey. I do not know. These new notes will drive the gold out of the country. We all know that. I want to say one thing more: That I am worried by the provision in our bonds that the interest on the old bonds shall go up to the rate of the new, so that we will have to pay the same rate on the old bonds if we have to borrow at high rates.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PARKER of New Jersey. Mr. Chairman, under leave to extend my remarks, I add the following:

That interest will not have to be raised to that of the corporation bonds authorized by this act. But they will raise the current rate in the money market.

Our real trouble is with the issue of Federal reserve notes. During the Civil War we provided that greenbacks would be redeemable at any time by a five-twenty bond, and the repeal of that provision caused great needless expense. Perhaps we might well provide that Federal reserve notes could be exchanged at will for a Liberty bond. In the Civil War we had to make customs payable in gold. I hope that

measure will not be necessary now. All Europe prohibits the export of gold, except by Government license. We may have to follow their example.

But our real financial strength must be in revenue—direct, certain, and continuous. I append a letter from a friend in New Jersey as to the working of our war-revenue act, as well as a copy of the section of the acts of 1862-63, which taxed manufactures other than cigars and tobacco. The details of this taxation have been forgotten by most of us.

[Phineas Jones & Co. (Inc.), manufacturers of wheels.]

NEWARK, N. J., February 6, 1918.

HON. R. WAYNE PARKER,

House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: A matter of taxation has interested me quite a bit. Both of us go back to the War of Rebellion, when manufacturers were taxed on sales and not on profits.

We have in our firm the old original receipts that show when the Government first began taxation, to pay the war debt, of 2 per cent, increasing it 1 per cent at a time until they reached as high as 6 per cent. Then when they began to get money enough, they dropped down in the same ratio. When they got back to 2 per cent they gave up taxation.

This method did not tax brains, but taxed the sales. If any concern was foolish enough to do business without a profit, they had to pay tax just the same. To illustrate:

As you know our firm started business in 1855. We have been in it ever since and have always paid 100 cents on the dollar. Now, suppose three of our foremen in different departments should get together and say, "Let us raise a little money, go into business, and buck the old house. We can afford to sell 10 per cent cheaper than they do." They run along four or five years or more, being a thorn in the sides of ourselves, or the man who has brains and does make money, all these years paying no tax whatever for profit as per the present taxation plan, and then quit business.

The need of money was great, to pay the war debt, which was about \$4,000,000,000, and the rate of 6 per cent we gave the Government, was plenty of money, and they were soon out of debt.

Why would not this be a better plan now? The United States Government with their taxation plan now makes it so complicated that not one business man out of a thousand hardly understands it. We have even read in the papers that the Attorney General of the United States does not quite understand what the law means. Then, again, the expense of collecting the tax is enormous. The old way, the tax was due and payable the 10th of the month following shipment with the advantage of a very little expense of collecting the money, twelve times a year, and the Government in so short a time had first chance at the party's business to get their money, and at that time we remember that no one seemed to object to it. The plan was so simple that a boy going through common school could understand it. No cash discounts, no rebates, or freights, or anything was allowed. Why couldn't our beloved country follow this plan, which did have the benefit of the previous trial during our War of Rebellion?

Your mind will readily understand many more advantages of this plan as now the Government with its citizens causes a good bit of trouble and annoyance to the same, thereby antagonizing the business of the country rather than fostering the same.

Yours, very truly,

(Signed)

HENRY P. JONES.

[July 1, 1862, 37th Cong., 2d sess., ch. 119.]

An act to provide internal revenue to support the Government and to pay interest on the public debt.

Sec. 75. *And be it further enacted*, That from and after the said 1st day of August, 1862, upon the articles, goods, wares, and merchandise hereinafter mentioned, which shall thereafter be produced and sold, or be manufactured or made and sold, or removed for consumption, or for delivery to others than agents of the manufacturer or producer within the United States or Territories thereof, there shall be levied, collected, and paid the following duties, to be paid by the producer or manufacturer thereof, that is to say:

On candles, of whatever material made, 3 per cent ad valorem.

On all mineral coals, except such as are known in the trade as pea coal and dust coal, $3\frac{1}{2}$ cents per ton: *Provided*, That for all contracts of lease lands made before the 1st day of April, 1862, the lessees shall pay the tax.

On lard oil, mustard-seed oil, linseed oil, and on all animal or vegetable oils not exempted nor provided for elsewhere, whether pure or adulterated, 2 cents per gallon: *Provided*, That red oil, or oleic acid, produced in the manufacture of candles, and used as a material in the manufacture of soap, paraffin, whale and fish oil, shall be exempted from this duty.

On gas, illuminating, made of coal, wholly or in part, or any other material, when the product shall be not above 500,000 cubic feet per month, 5 cents per 1,000 cubic feet; when the product shall be above 500,000 and not exceeding 5,000,000 cubic feet per month, 10 cents per 1,000 cubic feet; when the product shall be above 5,000,000, 15 cents per 1,000 cubic feet; and the general average of the monthly product for the year preceding the return required by this act shall regulate the rate of duty herein imposed; and where any gas company shall not have been in operation for the year next preceding the return as aforesaid, then the rate shall be regulated upon the estimated average of the monthly product: *Provided*, That the product required to be returned by this act shall be understood to be the product charged in the bill actually rendered by any gas company during the month preceding the return, and all gas companies are hereby authorized to add the duty or tax imposed by this act to the price per thousand cubic feet on gas sold: *Provided further*, That all gas furnished for lighting street lamps, and not measured, and all gas made for and used by any hotel, inn, tavern, and private dwelling house, shall be subject to duty and may be estimated; and if the returns in any case shall be understated or underestimated, it shall be the duty of the assistant assessor of the district to increase the same as he shall deem just and proper: *And provided further*, That coal-tar produced in the manufacture of illuminating gas, and the products of the redistillation of coal tar thus produced, shall be exempt from duty: *And provided further*, That gas companies so located as to compete with each other shall pay the rate imposed by this act upon the company having the largest production.

On coal illuminating oil, refined, produced by the distillation of coal, asphaltum, shale, peat, petroleum, or rock oil, and all other bituminous substances, used for like purposes, 10 cents per gallon: *Provided*, That such oil refined and produced by the distillation of coal exclusively shall be subject to pay a duty of 8 cents per gallon, anything in this act to the contrary notwithstanding: *And provided further*, That distillers of coal oil shall be subject to all the provisions of this act, hereinbefore set forth and specified, applicable to distillers of spirituous liquors with regard to licenses, bonds, returns, and all other provisions designed for the purpose of ascertaining the quantity distilled and securing the payment of duties, so far as the same may, in the judgment of the Commissioner of Internal Revenue, and under regulations prescribed by him, be necessary for that purpose.

On ground coffee and all preparations of which coffee forms a part, or which is prepared for sale as a substitute for coffee, 3 mills per pound.

On ground pepper, ground mustard, ground pimento, ground cloves, ground cassia, and ground ginger, and all imitations of the same, 1 cent per pound.

On sugar, refined, whether loaf, lump, granulated, or pulverized, 2 mills per pound.

On sugar, refined or made from molasses, sirup of molasses, melado, or concentrated melado, 2 mills per pound.

On all brown, muscovado, or clarified sugars produced directly from the sugar cane, and not from sorghum or imphee, other than those produced by the refiner, 1 cent per pound.

On sugar candy and all confectionery made wholly or in part of sugar, 1 cent per pound.

On chocolate and cocoa prepared, 1 cent per pound.

On saleratus and bicarbonate of soda, 5 mills per pound.

On starch made of potatoes, 1 mill per pound; made of corn or wheat, 1½ mills per pound; made of rice or any other material, 4 mills per pound.

On tobacco, cavendish, plug, twist, fine cut, and manufactured of all descriptions (not including snuff, cigars, and smoking tobacco prepared with all the stems in or made exclusively of stems), valued at more than 30 cents per pound, 15 cents per pound; valued at any sum not exceeding 30 cents per pound, 10 cents per pound.

On smoking tobacco prepared with all the stems in, 5 cents per pound.

On smoking tobacco made exclusively of stems, 2 cents per pound.

On snuff manufactured of tobacco, ground dry or damp, of all descriptions, 20 cents per pound.

On cigars valued at not over \$5 per thousand, \$1.50 per thousand.

On cigars valued at over \$5 and not over \$10 per thousand, \$2 per thousand.

On cigars valued at over \$10 and not over \$20 per thousand, \$2.50 per thousand.

On cigars valued at over \$20 per thousand, \$3.50 per thousand.

On gunpowder and all explosive substances used for mining, blasting, artillery, or sporting purposes, when valued at 18 cents per pound or less, 5 mills per pound; when valued at above 18 cents per pound and not exceeding 30 cents per pound, 1 cent per pound; and when valued at above 30 cents per pound, 6 cents per pound.

On white lead, 25 cents per 100 pounds.

On oxide of zinc, 25 cents per 100 pounds.

On sulphate of barytes, 10 cents per 100 pounds: *Provided*, That white lead, oxide of zinc, and sulphate of barytes, or any one of them, shall not be subject to any additional duty in consequence of being mixed or ground shall have been previously actually paid.

On all paints and painters' colors, dry or ground in oil, or in paste with water, not otherwise provided for, 5 per cent ad valorem.

On clock movements made to run one day, 5 cents each; made to run more than one day, 10 cents each.

On pins, solid head or other, 5 per cent ad valorem.

On umbrellas and parasols made of cotton, silk, or other material, 5 per cent ad valorem.

On screws, commonly called wood screws, 1½ cents per pound.

On railroad iron and all other iron advanced beyond slabs, blooms, or loops and not advanced beyond bars or rods, and band, hoop, and sheet iron, not thinner than No. 18 wire gauge, and plate iron not less than one-eighth of an inch in thickness, \$1.50 per ton; on railroad iron, re-rolled, 75 cents per ton; on band hoop and sheet iron thinner than No. 18 wire gauge, plate iron less than one-eighth of an inch in thickness, and cut nails and spikes, \$2 per ton: *Provided*, That bars, rods, bands, hoops, sheets, plates, nails, and spikes manufactured from iron upon which the duty of \$1.50 has been levied and paid shall be subject only to a duty of 50 cents per ton in addition thereto, anything in this act to the contrary notwithstanding; on stoves and hollow ware, \$1.50 per ton of 2,000 pounds; cast iron used for bridges, buildings, or other permanent structures, \$1 per ton: *Provided*, That bar iron used for like purposes shall be charged no additional duty beyond the specific duty imposed by this act; on steel in ingots, bars, sheets, or wire not less than one-fourth of an inch in thickness, valued at 7 cents per pound or less, \$4 per ton; valued at above 7 cents per pound and not above 11 cents per pound, \$8 per ton; valued above 11 cents per pound, \$10 per ton.

On paper of all descriptions, including pasteboard and binders' boards, 3 per cent ad valorem.

On soap, castile, palm-oil, erasive, and soap of all other descriptions, white or colored, except soft soap and soap otherwise provided for, valued not above 3½ cents per pound, 1 mill per pound; valued at above 3½ cents per pound, 5 mills per pound.

On soap, fancy, scented, honey, cream, transparent, and all descriptions of toilet and shaving soap, 2 cents per pound.

On salt, 4 cents per 100 pounds.

On pickles and preserved fruits, and on all preserved meats, fish, and shellfish in cans or air-tight packages, 5 per cent ad valorem.

On glue and gelatine of all descriptions in the solid state, 5 mills per pound.

On glue and cement, made wholly or in part of glue, to be sold in the liquid state, 25 cents per gallon.

On patent or enameled leather, 5 mills per square foot.

On patent japanned split, used for dasher leather, 4 mills per square foot.

On patent or enameled skirting leather, 1½ cents per square foot.

On all sole and rough or harness leather, made from hides, imported east of the Cape of Good Hope, and all damaged leather, 5 mills per pound.

On all other sole or rough leather, hemlock tanned, and harness leather, 7 mills per pound.

On all sole or rough leather, tanned in whole or in part with oak, 1 cent per pound.

On all finished or curried upper leather, made from leather tanned in the interest of the parties finishing or currying such leather not previously taxed in the rough, except calfskin, 1 cent per pound.

On bend and butt leather, 1 cent per pound.

On offal leather, 5 mills per pound.

On oil-dressed leather, and deerskins dressed or smoked, 2 cents per pound.

On tanned calfskins, 6 cent each.

On morocco, goat, kid, or sheep skins, curried, manufactured, or finished, 4 per cent ad valorem: *Provided*, That the price at which such skins are usually sold shall determine their value.

On horse and hog skins, tanned and dressed, 4 per cent ad valorem.

On American patent calfskins, 5 per cent ad valorem.

On conducting hose of all kinds for conducting water or other fluids, a duty of 3 per cent ad valorem.

On wine, made of grapes, 5 cents per gallon.

On varnish, made wholly or in part of gum copal or other gums or substances, 5 per cent ad valorem.

On furs of all descriptions, when made up or manufactured, 3 per cent ad valorem.

On cloth and all textile or knitted or felted fabrics of cotton, wool, or other materials, before the same has been dyed, printed, bleached, or prepared in any other manner, a duty of 3 per cent ad valorem: *Provided*, That thread or yarn manufactured and sold or delivered exclusively for knitted fabrics, or for weaving, when the spinning and weaving for the manufacture of cloth of any kind is carried on separately, shall not be regarded as manufactures within the meaning of this act; but all fabrics of cotton, wool, or other material, whether woven, knit, or felted, shall be regarded as manufactures, and be subject to the duty, as above, of 3 per cent ad valorem.

On all diamonds, emeralds, and all other jewelry, a tax of 3 per cent ad valorem.

On and after the 1st day of October, 1862, there shall be levied, collected, and paid, a tax of one and one-half of 1 cent per pound on all cotton held or owned by any person or person, corporation, or association of persons; and such tax shall be a lien thereon in the possession of any person whomsoever. And further, if any person or persons, corporations, or associations of persons, shall remove, carry, or transport the same from the place of its production before said tax shall have been paid, such person or persons, corporation or association of persons shall forfeit and pay to the United States double the amount of such tax, to be recovered in any court having jurisdiction thereof: *Provided*, however, That the Commissioner of Internal Revenue is hereby authorized to make such rules and regulations as he may deem proper for the payment of said tax at places different from that of the production of said cotton: *And provided further*, That all cotton owned and held by any manufacturer of cotton fabrics on the 1st day of October, 1862, and prior thereto, shall be exempt from the tax hereby imposed.

On all manufactures of cotton, wool, silk, worsted, flax, hemp, jute, india rubber, gutta-percha, wood, willow, glass, pottery ware, leather, paper, iron, steel, lead, tin, copper, zinc, brass, gold, silver, horn, ivory, bone, bristles, wholly or in part, or of other materials not in this act otherwise provided for a duty of 3 per cent ad valorem: *Provided*, That on all clothes dyed, printed, bleached, manufactured into other fabrics, or otherwise prepared, on which a duty or tax shall have been paid before the same were so dyed, printed, bleached, manufactured, or prepared, the said duty or tax of 3 per cent shall be assessed only upon the increase value thereof: *And provided further*, That on all oil-dressed leather, and deer skins dressed or smoked, manufactured into gloves, mittens, or other articles on which a duty or tax shall have been paid before the same were so manufactured, the said duty or tax of 3 per cent shall be assessed only upon the increased valuation thereof: *And provided further*, That in estimating the duties upon articles manufactured when removed and sold at any other place than the place of manufacture there shall be deducted from the gross amount of sales the freight, commission, and expenses of sale actually paid, and the duty shall be assessed and paid upon the net amount after the deductions as aforesaid: *And provided further*, That printed books, magazines, pamphlets, newspapers, reviews, and all other similar printed publications; boards, shingles, and all other lumber and timber; staves, hoops, headings, and timber only partially wrought and unfinished for chairs, tubs, pails, snathes, lasts, shovel and fork handles; umbrella stretchers, pig iron, and iron not advanced beyond slabs, blooms, or loops; maps and charts; charcoal; alcohol made or manufactured of spirits or materials upon which the duties imposed by this act shall have been paid; plaster or gypsum; malt; burning fluid; printer's ink; flax prepared for textile or felting purposes until actually woven or knitted into fabrics for consumption; all flour and meal made from grain; bread and breadstuffs; pearl barley and split peas; butter; cheese; concentrated milk; bullion, in the manufacture of silverware; brick; lime; Roman cement; draining tiles; marble; slate; building stone; copper, in ingots or pigs; and lead, in pigs or bars, shall not be regarded as manufactures within the meaning of this act: *Provided*, That whenever by the provisions of this act, a duty is imposed upon any article removed for consumption or sale, it shall apply only to such articles as are manufactured on or after the 1st day of August, 1862, and to such as are manufactured and not removed from the place of manufacture prior to that date.

[Mar. 3, 1863. 37th Cong., 3d sess. Chapter 74.]

An act to amend an act entitled "An act to provide internal revenue to support the Government and pay interest on the public debt," approved July 1, 1862, and for other purposes.

That section 75 be, and hereby is, amended by inserting, after the words "*Provided*, That white lead, oxide of zinc, and sulphate of barytes," the words "and paints and painters' colors"; by inserting, before the words "on lard oil," and attached to the next preceding sentence, as follows: "and all duties or taxes on coal mined and delivered by coal operators at the mines on contracts made prior to July 1, 1862, shall be paid by the purchaser thereof"; by striking out the following words: "on sugar, refined, whether loaf, lump, granulated, or pulverized, 2 mills per pound; on sugar, refined, or made from molasses, sirup of molasses, melado, or concentrated melado, 2 mills per pound," and inserting in lieu thereof as follows: "Sugar refiners shall pay 1 and one-half of 1 per cent on the gross amount of the sales of all the products of their manufactories: *Provided*, That every person shall be regarded as a sugar refiner under this act whose business it is to advance the quality and value of sugar by melting and recrystallization or by liquoring, claying, or other washing process, or by any other chemical or mechanical means; or who shall advance the quality or value of molasses and concentrated molasses, melado, or concentrated melado, by boiling or other process"; and by inserting therein, in lieu

of any other duties or rates of duty on the articles hereinafter enumerated in this section, or provisions existing in relation thereto, the following:

"On marine engines, 3 per cent ad valorem.
"On rivets exceeding one-fourth of 1 inch in diameter, nuts, wrought railroad chairs, bolts, and horseshoes, \$2 per ton: *Provided*, That where a duty upon the iron from which said articles shall have been made has been actually paid, an additional duty only shall be paid of 50 cents per ton.

"On rolled brass, copper, and yellow sheathing metal, in rods or sheets, 1 per cent ad valorem.

"On sails, tents, shades, awnings, and bags made of cotton, flax, or hemp, or part of either, or other materials, 3 per cent ad valorem: *Provided*, That the sewing of sails, tents, shades, awnings, carpets, and bags, the materials whereof belonged to the employer, shall be exempt from duty where the cloth or material from which they are made was imported or has been subject to and paid a duty.

"On tobacco, cavendish, plug, twist, fine-cut, and manufactured of all descriptions (not including snuff, cigars, and smoking tobacco prepared with all the stems in or made exclusively of stems), 15 cents per pound.

"On smoking tobacco prepared with all the stems in and on smoking tobacco made exclusively of stems, 5 cents per pound.

"On snuff manufactured of tobacco, on (or) stems, or of any substitute for tobacco, ground, dry, or damp, of all descriptions, 20 cents per pound.

"On mineral or medicinal waters or waters from springs impregnated with minerals, 1 cent for each bottle containing not more than 1 quart; when containing more than 1 quart, 2 cents for each bottle.

"Tailors, boot and shoe makers, milliners, and dressmakers making clothing or articles of dress for men's, women's, or children's wear to order as custom work, and not for sale generally, shall to the amount of \$1,000 be exempt from duty, and for any excess beyond the amount of \$1,000 shall pay a duty of 1 per cent ad valorem.

"On umbrellas and parasols made of cotton, silk, or other material, 3 per cent ad valorem.

"On all ships, barges, brigs, schooners, sloops, sailboats, steamboats (not including the engine), canal boats, and all other vessels or water craft hereafter built, made, or constructed, 2 per cent.

"On sugar candy and all confectionery made wholly or in part of sugar valued at 14 cents per pound or less, 2 cents per pound; when valued at exceeding 14 cents and not exceeding 40 cents per pound, 3 cents per pound; when valued at exceeding 40 cents per pound or when sold otherwise than by the pound, 5 per cent ad valorem.

"On all gold leaf, 15 cents per pack containing not more than 20 books of 25 leaves each.

"On castings of iron exceeding 10 pounds in weight for each casting, not otherwise provided for in this act or in the act to which this act is an amendment, \$1.50 per ton: *Provided*, That there shall be deducted from duties assessed upon railroad cars any duties which may have been assessed and paid upon car wheels under the provisions of this act.

"On clocks and timepieces and on clock movements when sold without being cased, 3 per cent ad valorem."

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield three minutes to the gentleman from Ohio [Mr. SWITZER].

Mr. SWITZER. Mr. Chairman, while I think the Committee on Ways and Means are to be congratulated because of the changes and modifications made in the bill, yet I can not concur in that high compliment paid by my colleague from Ohio [Mr. Fess] a few moments ago. While the power of appointment of these four members of the board is removed from the Secretary of the Treasury and given to the President, yet does anyone believe that the father-in-law will appoint a member of this board who is not approved by the son-in-law?

But I rose chiefly to call the attention of the Ways and Means Committee to what I consider to be a discrimination or unfairness in this matter. This bill appropriates \$500,000,000 of the people's tax money or the money from sale of liberty bonds to prosecute the war to aid big business. You say to the small taxpayer, to the small business concern, "Come across on the 15th of June next with your money"; and when they petition you for a few days' relief through paying in installments, the Ways and Means Committee so far has given no heed and the ear of the Secretary of the Treasury can not be reached; but in the hearings, and it has been intimated on the floor in the speeches, it is said that by appropriating the five hundred millions of the tax money of the people you can aid certain big business concerns of the country to pay their taxes. That is to be found in the hearings or somewhere along the line. That is, the big business concern that can get the ear of the Secretary will receive help, but the small business concern out in my district in southeastern Ohio, in the coal and iron industry, or whatever manufacturing enterprise it may be, can not get his ear. At least they have not been able apparently to get his ear up to the present time or the ear of the Ways and Means Committee, to get an extension of time for the payment of these excess war taxes, which is to go to make up this \$500,000,000 to help big business. Suppose there are some street railways up in the State of Michigan, and suppose some Wall Street gentlemen have started a great corporation up there and have loaded up with more street railways than they can carry and now they want to come to the United States Government and have it get back of it and give them credit. I do not know but if we had a list of these concerns I could vote more intelligently.

Many industries and business concerns of my district desire an extension of time for the payment of the excess-profits tax. I have a score of letters from representative concerns stating

that the requirement to pay the whole tax in June will work a great hardship and likely interfere seriously with the coming sale of liberty bonds. These industries have had to carry heavy stocks and shipping conditions have been so abnormal as to prevent them from realizing on their manufactured product and required an additional borrowing. It seems to me that if Congress passes legislation to assist big business through this great crisis it should not fail to pass an act granting the temporary relief so generally petitioned for by the medium-sized and small industries of the country. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. SWITZER. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio? [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield eight minutes to the gentleman from Missouri [Mr. MEEKER].

Mr. MEEKER. Mr. Chairman and gentlemen, I have not been a Member of this House very long, but I will say to you that in private conference with men whom I consider the level-headed Members of the House I have never heard as universal private condemnation of anything that has been proposed as there has been of this bill. Men say both publicly and privately that in time of peace this thing would be nothing short of rotten and criminal, and the thing I can not figure out is, why adopt a program that would be in time of peace rotten and depend upon it in an hour of the greatest financial strain?

It seems to me we are saying: "There is an old boat I would not trust my family in on a picnic, but if we are going into war I will put them into it." Here is a financial program that is privately denounced by the men on the committee and by men on other committees of this House, and yet they are saying under their breath: "We do not know of anything else that can be done." Now, I am going to move when we come to consider the bill—I will not have time to discuss all the features of the bill that seem to be objectionable and are—I am going to move to strike out section 9. I want to say now that since war was declared I have gone beyond what seemed to be good judgment in supporting some of the administration measures. I hope to be able to vote for this bill; but with section 9 in it I do not see how any man can vote for it, and I desire the committee, when the time shall come, to devote its time to clearing up as to why it permitted section 9 to remain in the bill. Look at that section for a moment, especially lines 22 down to 25. The secretary of this corporation shall be permitted to loan directly 16½ per cent of all of the capital stock and the bonds sold to corporations only for the purpose of conducting said business in the United States—that is, war business—and only when such firm, corporation, or association is unable to obtain funds through banking associations or from the general public. Now, what does that mean in plain terms? It means that just about \$400,000,000 of this money, if we were up to the total of our stock and our bonds, which can be done on the advice of the Secretary and two members of this board, and we would get out the two and a half billion dollars, \$400,000,000 of the money is available at the choice of three men on this board to give out to bankrupt concerns that will have machinery—and that is all they do have—whose business is so rotten that they can not get accommodation either from the banks or from private loans.

Mr. MADDEN. Will the gentleman yield?

Mr. MEEKER. I will yield.

Mr. MADDEN. What about the savings banks who may be in very great trouble?

Mr. MEEKER. If the gentleman would take out the manufacturing concerns, that is another proposition; but here, gentlemen, now, when you think for a moment of the possibility on the other side, let us take some great corporation, whether transportation or otherwise. A gentleman's agreement is always possible. Suppose that great corporation is hard pressed for money or for whom and over whom a certain other concern wishes to get control, all the banks need to do is to say to that concern, "We can not let you have the money. We have no money to loan to you." And the great private loaning institutions can say, "At this time we have no money to turn over to you." Then these men are upon the Government because of this relief that is being offered. Now, then, whenever you put the United States Government into the category of a three-gold-ball concern, as section 9 puts it, when you demand 13½ per cent of security for the loan for a man, a public utility, or a railroad who can not get money elsewhere, it is nothing more than the game of a man who holds out the three balls in front of his store, and we convert our corporation and our Secretary of the Treasury into a Shylock, as he holds

this threat over these men, and then their business is to be turned over to whoever can take that loan off their hands because the railroads and all public utilities have not the securities to put up the extra margin.

Mr. MADDEN. Will the gentleman yield?

Mr. MEEKER. I will.

Mr. MADDEN. Does the gentleman think that is a fair statement of the case?

Mr. MEEKER. Will the gentleman state it fairly? I will say to you, of all the vicious things in it that is the worst.

Mr. MADDEN. I thought the purpose of this provision was to enable a concern, which needed money and could not get it, but which had collateral that it could not sell, to get the money from the corporation that we are about to organize by putting up the collateral. That is the purpose.

Mr. MEEKER. Yes; but think of the unthinkable situation to the gentleman himself, to say that here is a concern that has collateral, a going concern, which can not get money either from banks or from the general public—the very thing points at fraud and the possibilities of fraud, and you can not get away from it when you say here is a man who has got collateral and everything, but he can not get a little money from the bank or from some private institution, nobody will furnish him money, and then turn to the Government, and it says, "Put up 133 per cent, and we will take over your institution, and what will be done with it—"

The CHAIRMAN. The time of the gentleman has expired.

Mr. MEEKER. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri. [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield eight minutes to the gentleman from New Hampshire [Mr. BURROUGHS].

The CHAIRMAN. The time for general debate expires at 12 o'clock and 10 minutes.

Mr. MOORE of Pennsylvania. Mr. Chairman, I think the agreement was that there would be an hour and 10 minutes of debate.

The CHAIRMAN. No; it expires at 12.10.

Mr. MOORE of Pennsylvania. I ask the attention, then, of the gentleman from North Carolina [Mr. KITCHIN], and say, if the gentleman will agree to permit us to run by unanimous consent to the conclusion of this speech, and five minutes more for the other side, that will conclude all debate.

Mr. KITCHIN. We want to start reading the bill at 10 minutes after 12. I will yield my time.

The CHAIRMAN. The time expires at 12 o'clock and 10 minutes.

Mr. KITCHIN. There are four minutes due now for general debate.

Mr. MOORE of Pennsylvania. I wanted to keep the agreement with the gentleman from New Hampshire [Mr. BURROUGHS]. I yield so much of the time as is remaining to the gentleman from New Hampshire.

Mr. BURROUGHS. Mr. Chairman, it seems to be generally conceded by all those to whom I have had the pleasure of listening in the course of this debate, and I have, I think, heard practically all of those who have spoken on the bill on both sides so far, that this would not be considered wise legislation in ordinary peace times and under ordinary circumstances. I take it that perhaps no man in this House would think for a moment of voting for this bill under such circumstances. I think that no committee of this House would think for a moment of seriously proposing this legislation under ordinary circumstances in times of peace. But, gentlemen, these are not ordinary circumstances, and these are not times of peace. This legislation is frankly presented here to the House as emergency legislation, and for that reason only are we asked to vote for it. It is a condition and not a theory, to quote the language of a former Chief Executive of this Nation, that confronts us at this time.

The CHAIRMAN. The Clerk will read the bill.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask unanimous consent that the gentleman may be permitted to proceed for four minutes.

Mr. GARNER. You can not do that. Let them read a section and then let the gentleman continue.

Mr. BURROUGHS. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none. The Clerk will read the bill,

The Clerk read as follows:

Be it enacted, etc.,

TITLE I.—WAR FINANCE CORPORATION.

That the Secretary of the Treasury and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the "War Finance Corporation" (herein called the corporation), and shall have succession for a period of 10 years: *Provided*, That in no event shall the corporation exercise any of the powers conferred by this act, except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States.

Mr. BURROUGHS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen, I wish to ask the attention of the committee for a few moments to the condition of the savings banks of the country as they are related to this war-emergency legislation. Now, I sympathize with much that has been said here by those who are opposed to this legislation. I sympathize with much that has been said by the gentleman from California [Mr. HAYES] and the gentleman from Pennsylvania [Mr. McFADDEN], but I note that the gentleman from California in the course of his remarks took occasion to state that he saw no particular reason why this legislation was necessary in the interests of the savings banks.

Now, Mr. Chairman, I do not agree with the gentleman on that proposition. I believe that the legislation is necessary, and vitally necessary, to the savings bank institutions of this country at this time.

Why is it necessary? It is necessary because the great credit facilities of the country have been preempted, as the Secretary of the Treasury said in the hearings before the Ways and Means Committee, by the Government; and, in view of the enormous borrowings of the Government in the great liberty loans which we have had and those which are forthcoming, it is inevitable that there will be great withdrawals from the savings banks of the country. In fact, those withdrawals have already begun.

Now, let me for just a moment call attention to the magnitude of these interests. The mutual savings banks in my section of the country are of greater importance and of greater magnitude, even, than the national banking interests. You take New England and the Middle States, and the total deposits in the mutual savings banks of those States amount to more than four and a half billions of dollars, while deposits of all kinds in national banks in those same States amount to a little more than four billions of dollars. So that the deposits in the mutual savings banks of New England and the Middle States to-day exceed the deposits in the national banks in those same States by practically \$500,000,000. Now, these mutual savings banks, gentlemen, are restricted in the investments which they can make. They do not make what they call liquid investments. Their investments are in long-term bonds and securities, running over a considerable length of time. They are restricted by the laws of these several States in the matter of the investments that they can make, and they are held down by a strict supervisory power in the hands of the bank commissions in the several States.

In my own State of New Hampshire, a small State as compared with the larger States of the Union, the total mutual savings bank deposits amount to \$126,000,000. Now, that is more than three times the assessed valuation of all the railroad property in our State. It is practically three times the assessed value of the manufacturing plants in the State of New Hampshire. It is about one-half of the assessed valuation of all improved and unimproved land and buildings in the State of New Hampshire. There are \$50,000,000 of deposits that are loaned out to residents of our own State, and there are \$76,000,000 of those deposits that are loaned beyond the limits of the State of New Hampshire.

Hon. James O. Lyford, of Concord, N. H., chairman of our State board of bank commissioners, and one of the most accomplished and able officials in the country, in testifying before the Senate Finance Committee, said:

Of the \$126,000,000 of accumulations of the savings banks of New Hampshire nearly \$50,000,000 are loaned or invested in the State; nearly \$26,000,000 are loaned on real estate mortgages at a rate not exceeding 5 per cent. Thirteen millions are loaned to the business interests of the State, loans that could not be collected without disastrous results to business and employment. One million dollars is loaned to New Hampshire municipalities at a low rate of interest, besides the amount invested in the bonds of these municipalities. These bonds bear interest rates of from 3 to 4 per cent. Another \$10,000,000 is invested in securities of New Hampshire industrial and transportation companies, and in the bonds of cities, towns, and districts of the State. These investments within the State would be larger if our demands were larger.

Seventy-six millions of our accumulations, or three-fifths, are invested in other States and contribute to the growth and prosperity of those States. In round numbers \$17,000,000 are loaned to farmers of

the West and South at an average rate to the savings banks of not over 5½ per cent. Eleven millions are invested in municipal bonds, of which amount probably \$8,000,000 are in municipal bonds of the West and South. Thirty-three millions are invested in railroad securities, of which amount probably one-half are in the securities of railroads west of the Mississippi and south of the Potomac. Eleven millions are invested in the securities of public utilities, of which amount probably one-third is invested in the securities of public utilities of the West and South. Nearly \$3,000,000 are invested in the stock of manufacturing companies of New England and other States.

The CHAIRMAN. The time of the gentleman has expired. Mr. SNYDER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five minutes further.

The CHAIRMAN. The gentleman from New York asks unanimous consent that the gentleman from New Hampshire may proceed for five minutes further. Is there objection? [After a pause.] The Chair hears none.

Mr. BURROUGHS. I thank the committee for this extension of time.

As I was saying, \$76,000,000 of our deposits are loaned beyond the limits of our own State, to residents and people in the western country. Now, while in general I shall support this bill and believe in it as being absolutely necessary in this war emergency, and for that reason only, I am very much opposed to one provision in the bill relating to the savings banks, and I am going to call attention to that in the few minutes remaining of my time.

If you will refer to section 8, I think it is, of the bill, relating to the loans to savings banks, you will note that the savings banks, when they go to this war-finance corporation for aid to meet the withdrawals which are bound to come and which have already begun, let me say, in my State. In the last six months of the year we lost a little more than \$2,500,000 of our deposits and also, in addition to that, lost the normal increase amounting to about \$3,500,000, which has been the normal increase for a number of years, making a total loss of about \$6,000,000 in our savings banks deposits in the last six months of the last year. I say when these savings banks go to this war-finance corporation for aid to meet these withdrawals that are bound to come, and especially bound to come if another liberty loan goes up to 4½ per cent, which is a greater per cent, let me say, than any of our savings banks pay, under those circumstances what does the savings bank have to do?

They have not only got to put up this gilt-edged collateral which they now hold—the best collateral in the world—to the extent of 133 per cent of the market value at the time of the loan, but they are also subject to a discriminating interest rate of 1 per cent—not less than 1 per cent, the bill states, over and above the rate of the Federal reserve bank in the district in which the borrowing institution is located.

Now, gentlemen, I maintain that that is wrong, so far as it relates to the mutual savings banks, and I will tell you why it is wrong. It is wrong for this reason: The mutual savings bank is the people's institution. It is the institution that contains the savings of the common man—the common, everyday worker. These savings-bank deposits in my own State average less than \$500 to a man, and that is true throughout New England and the Middle States. There are over eight and one-half millions of these depositors in that section of the country, and these depositors are very largely made up of the common, everyday working people. These savings-bank deposits are made up of their little savings. They are trying to save their money to build a home, many of them. They are ordinarily wage earners.

Now, I say it is wrong to charge this discriminating interest rate of 1 per cent for that reason, and also for the reason that these banks are not money-making institutions, as an ordinary State bank is. In the case of the mutual savings banks, whatever money they make goes to the credit of the depositors. Every dollar of it goes to the credit of these small depositors. It is not, I repeat, an ordinary money-making institution like your State bank. It has no stock. It has no expense of any account except what it pays to its treasurer and the few assistants that he has, and the tax that it pays to the State. The institution is run with little expense, and all for the benefit of the depositors. Now, why should the Government of the United States, which is responsible for this condition, charge a discriminating rate of 1 per cent interest over and above the reserve rate? I say that it is wrong, and I shall move to amend the bill in that particular when the time comes. [Applause.]

The CHAIRMAN. The time of the gentleman from New Hampshire has again expired.

Mr. WELLING. Mr. Chairman, I ask unanimous consent to address the House in opposition to the pro forma amendment for 15 minutes.

The CHAIRMAN. The gentleman from Utah is recognized.

Mr. WELLING. I ask that by unanimous consent I may proceed for 15 minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. WELLING. Mr. Chairman, the war-finance bill for industrial credits was presented to the House last Saturday, March 16, by the Committee on Ways and Means. It was debated all day Saturday and Monday by distinguished members of that committee. I listened to every word of that debate.

MR. KITCHIN SUPPORTS THE PRESIDENT.

The presentation of the bill by the chairman of the committee [Mr. KITCHIN] was at once candid and illuminating. There was no evasion and not the least disposition to deceive the House as to the sweeping powers conveyed to the executive branch of the Government under the proposed measure. His presentation not only showed a brilliant intellect loyally supporting the President and his advisers but fearlessness in criticizing the provisions of the original administration draft of what is now the pending war-finance bill for industrial credits. I think every member of the committee who discussed the bill in general debate, and many of those who will discuss it under the five-minute rule, have paid or will pay generous tribute to Mr. KITCHIN's patriotic service in perfecting the bill in committee and to his ability in advocating its passage upon the floor of the House. We have been advised repeatedly by those who have followed him that not much remained to be said in general explanation of the measure.

MR. FORDNEY SUPPORTS THE PRESIDENT.

The chairman of the committee was followed by the ranking Republican member of the committee, Mr. FORDNEY, of Michigan. He, like the chairman, contributed helpful and valuable information upon which the membership of the House were expected to base their judgment of the wisdom of this legislation. To those of us who had formed our impressions of the warfare of party government from reading the proceedings of former fiscal legislation in this body it was and has been for a year past an inspiring lesson in self-forgetting, patriotic service to see these old veterans of former wars come in here together and advocate with equal zeal a measure which in normal peace times would provoke the most bitter and violent controversy.

Of course no responsible party would bring into this House a measure so sweeping in its grant of executive power in time of peace, and if they did, even those of us whose chief function has been for a year past to sit at your feet and absorb some of your political wisdom would have rejected such leadership and done what was possible, however little that might be, to defeat such a measure.

Both of the great leaders of the Ways and Means Committee here referred to spoke without notes. Out of the abundance of a lifetime of thoughtful service devoted to their country's welfare, both with the same measure of patriotism and intelligence gave equal service to the country and to the House.

MR. HULL SUPPORTS THE PRESIDENT.

Two additional speeches were made upon this bill in general debate on Saturday—one by the gentleman from Ohio [Mr. LONGWORTH]; one by the gentleman from Tennessee [Mr. HULL]. These latter speeches were entirely and absolutely dissimilar, except in one particular—both were carefully prepared set speeches. Both were evidently the matured and settled convictions of these gentlemen. It is proper to assume that both represented what each of these gentlemen conceived to be his most helpful contribution to the debate on the bill before the House. I said that these speeches of the gentleman from Ohio and the gentleman from Tennessee were alike in their careful preparation and formal presentation. They do not admit of any further analysis together, except to say that both represent the author's individual estimate of what constitutes support of the President of the United States.

They went in opposite directions and were intended to accomplish entirely different purposes. The contribution from the gentleman from Tennessee was perhaps the most illuminating technical presentation the bill will receive in its entire progress from the committee-room draft to the finished product of Congress which will receive presidential approval. He had but one purpose in making his speech, and that was to bring within the reach of all the ripened wisdom of his own thought. He gave intelligent direction to the thought of his associates here, and contributed much to the enlightened public opinion of his countrymen elsewhere.

MR. LONGWORTH'S ATTITUDE.

The gentleman from Ohio [Mr. LONGWORTH] likewise, I assume, brought to this discussion his most helpful contribution to assist us to understand the measure. The result of his effort was a cleverly contrived and pleasantly expressed political utterance. It could not, by any stretch of the imagination, be said to serve a useful purpose in adding to our fund of informa-

tion on the merits of the bill itself. I hope that some of our faces, at least, have grown familiar to the gentleman from Ohio. I want to give him my respectful assurance that I am personally grateful for his genial good humor. I shall appreciate any scrap of helpful information he may contribute to my legislative experience while I am here. But what he said on Saturday was not intended to assist even the humblest of us to arrive at a just conclusion upon this great and sweeping measure.

He merely used the House of Representatives to punctuate his clever partisan harangue with desultory and single-handed applause, culminating at the end with what some fiction writer has set down as "prolonged applause." I like to read that sort of a speech, and, of course, the gentleman from Ohio knows that his constituents, for whom it was built, will also like to read it. I undertake to say, however, that those of you who put in the applause added more to the readability and effectiveness of the thing than the author himself contributed between those perfunctory performances.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield for a brief question?

The CHAIRMAN (Mr. Wingo). Does the gentleman yield?

Mr. WELLING. I can not yield very well, but I will yield to the gentleman.

Mr. LONGWORTH. I really want to ask only one question, and that is whether the speech that the gentleman is reading is a prepared speech? [Laughter.]

Mr. WELLING. Yes; I submit cheerfully that it is.

Mr. STAFFORD. It is on the war corporation bill?

Mr. WELLING. Yes, sir. [Laughter.]

It will look well, however, as a campaign document, and having succeeded in that, I cheerfully congratulate the gentleman from Ohio upon his self-appointed contribution to this debate.

It is a rather sad commentary, however, upon the generosity of the House to applaud the support (?) which the gentleman from Ohio in his speech gave to the President, and accept with stolid indifference the reasoned analysis of the bill and the splendid support to the President given by the gentleman from Tennessee. The speech of the gentleman from Ohio shows that we like to be amused. It proves that Mr. Barnum was right when he said, "The American people love to be humbugged." [Laughter.]

The debate of last Saturday was illuminating, and characteristic of the best and the worst of that which is heard in this Hall. Three-fourths of it was wholly self-forgetting and dedicated to the public welfare. One-fourth of it was purely partisan and dedicated to Cincinnati, Ohio. [Applause.]

Three-fourths of it was a conscientious effort to support the President of this Republic and help him bear the heavy burden of this unprecedented hour. One-fourth of it was conceived with the thought—to use the gentleman's own words—that it would help to put some one else where Woodrow Wilson now stands, "whether within or without the family circle."

Three-fourths of these men did not find it at all necessary to proclaim their support of the President in his great war policies. They suspected, and rightly, too, that every right-thinking man in America would take their support for granted, as a mere matter of routine. One-fourth of these men found it necessary to assert loudly, in every paragraph, that he was most valiant in supporting the President. After each protestation of affection and support, he characterized the President as an isolated autocrat, asking for, if not exercising, despotic power.

It is entirely in keeping with the eccentricities of human nature that he who most loudly proclaims his support conceals beneath a smiling self-complacency a stiletto thrust intended to wound and to destroy. [Applause.] I challenge any man to read the Record of last Saturday and come away from it with the honest impression that the gentleman from Ohio was supporting the President or his war policy in his contribution to that debate.

THE PRESIDENT'S DUTY TO CONGRESS.

The gentleman is an able critic of what he denounces as executive usurpation of legislative functions. He does not want any Cabinet officer to come to his committee with a prepared bill, but the gentleman comes empty handed to the deliberation of this committee without a bill of his own to meet the crisis. [Applause.] Of course, the bill presented by the administration was imperfect. It was, I dare say, merely intended to guide the judgment of Congress in meeting an issue first seen by these "watchmen upon the tower." [Applause.]

The President presents the skeleton of a great piece of emergency legislation to the House and asks this Congress to build the completed body and breathe into it the breath of life. [Applause.]

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Utah yield to the gentleman from Minnesota?

Mr. WELLING. I can not yield to my good friend until I get through.

ALL SERVE IN HONOR.

Now, gentlemen of the committee, I think no American would feel satisfied if the President had done less than he has done. For the thing which he has done every patriot has reason to be grateful for his constructive genius and far-seeing statesmanship. [Applause.] They appreciate the courage which meets these great problems fearlessly as they arise, alike indifferent to the opposition of the demagogue and the disappointed wall of partisan politicians who secretly wish that they had invented the idea themselves. [Applause.]

The gentleman from Ohio indulged in the cheapest sort of partisanship in exalting Republican volunteers who have resigned from this House to enter the Army and denouncing Democratic Members as mercenary who have resigned to serve their country in civil life. We all share with the gentleman his admiration and affection for the lamented Augustus P. Gardner. [Applause.] His tribute to Maj. Gardner would have been more effective if unenforced with a veiled criticism of John J. Fitzgerald, than whom this House has never known a more useful or devoted servant. [Applause.] The appearance upon this floor of Capt. HEINTZ in uniform would cause this House to rise in pride to his service in the Army; but the House would not greet him with more affection or with greater pride than it would greet that grizzled old statesman, Judge Adamson, of Georgia, if he were to appear here in the despised habiliments of civil life. [Applause.] It was mere bunk of the cheapest sort to say these soldiers are serving without pay. The gentleman must know and does know that this salary question is wholly a matter of law and that no man in this Congress would wish to deprive these men of a single cent of it.

PARTISANSHIP INDEFENSIBLE.

Gentlemen of the committee, partisan politics and partisan action can not be defended during this world conflict. The life of the Nation is at stake, and it is as much my Nation as yours. I have said with pride, many times, that Republicans were as loyal as Democrats to the Nation, to the flag, and to the President. No man ought to stand here unrebuked and seem to arraign Democrats, as a class, against Republicans, as a class. The gentleman labored painfully to show that Democrats gave less loyal support to the President in the vote on the selective-draft law than did the members of his own party. I voted with the gentleman from Ohio for the draft law, but better men than he or I, on both sides of this isle, believed the volunteer plan of raising an army the better plan. I should feel a certain contempt for myself if I intimated, here or elsewhere, that they are less loyal to the President than I am solely because of that vote. [Applause.]

It has been repeatedly said that executive officers of the Government were partisan in their appointments to positions in the civil branch of the Government. I deny the truth of the charge. I welcome whatever strength the President can obtain by surrounding himself with trusted men who can harmonize their viewpoint with his lofty conceptions of this Nation's mission and its ideals. I care not what the political convictions of these men may be. The men who are demanding a reconstruction of the Cabinet ought to come to us with proof of their wisdom by showing just how the proposed changes would benefit the situation. [Applause.] If gentlemen really know just how to manage the problem of this colossal conflict let some one rise in his place, before a policy has been decided upon or proposed elsewhere, and give proof of his wisdom by offering a saner and a better plan. [Applause.]

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. WELLING. It will take me only three minutes to finish, Mr. Chairman. I ask unanimous consent for time in which to close.

The CHAIRMAN. The gentleman from Utah asks unanimous consent to proceed for three minutes additional. Is there objection?

Mr. MOORE of Pennsylvania. What additional time, Mr. Chairman?

The CHAIRMAN. Three minutes.

Mr. GREEN of Iowa. Reserving the right to object, Mr. Chairman, I would like to know if any more time is to be asked under the five-minute rule for political speeches on the other side? If so, I want to object now.

Mr. WELLING. I want to say in reply to that that I disclaim any intention of speaking for the Democratic side. I did not mention this talk to any human being before I stood up

on my legs here to deliver it. I am not in collusion with leaders on either side. What I say here is my own, and I am personally responsible for it.

The CHAIRMAN. Is there objection?

Mr. GREEN of Iowa. Well, I think the gentleman is doing no harm. Let him go ahead.

The CHAIRMAN. Without objection, the gentleman is recognized for three minutes more.

THE CALAMITY HOWLER DISAPPOINTED.

Mr. WELLING. It was stated boldly in the beginning that the Navy Department should be reorganized. No man to-day has the temerity to stand up in his place and demand a change in that great, alert, and increasingly powerful Army of our fighting strength. [Applause.]

A few months ago it was the fashion in some quarters to assert that our war policy and our War Department were in inefficient hands. It is the growing and deliberate judgment of the country to-day that no mistake was made either in policy or personnel. [Applause.]

A few months ago men said that the selective-draft law could not be superimposed upon our military structure. It has been accepted to-day by every loyal and thoughtful American. There is not one word of criticism. It has succeeded better than its best friends predicted it would succeed.

Not long ago men criticized the manner of floating our first and second liberty loans. Every candid man to-day will acknowledge they were brilliantly conducted and wisely managed.

Some months ago, without a word of criticism, we enacted the great soldiers and sailors' insurance law. It is universally conceded to be the just and generous action of a great, free people to care for our soldiers in the field and to provide for their relatives and loved ones at home. Unable to find a flaw in the law itself, the critics say it has been put in operation by Democratic officials, employing Democratic clerks, under the direction of the Bureau of War-Risk Insurance. That would be unimportant even if it were true, but it is not true. The thing I am proud of to-day is that no gentleman has ever said upon this floor that the work of the Bureau of War-Risk Insurance was not effectively, efficiently, and courteously administered. [Applause.]

I am glad to say that the criticism here pointed out has not been chiefly political. I assert here again that it is bipartisan. It is equally true that every great constructive measure since the beginning of the war has received loyal and helpful support from both great political parties.

It has pleased God, in His infinite wisdom, to place at the head of this Nation a great Democratic President during this war. No criticism yet aimed at him has been potent enough to shake the faith of the American people in the lofty patriotism and masterful statesmanship of Woodrow Wilson. [Applause.]

He has of necessity exposed himself to every form of criticism and abuse. But he stands to-day where he has stood for years past, the best loved and most honored Executive this Nation has ever had since martyred Lincoln died. [Applause.]

The CHAIRMAN. The time of the gentleman from Utah has again expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. Moore of Pennsylvania: Page 2, line 3, before the word "years," strike out the word "ten" and insert "eight."

Mr. MOORE of Pennsylvania. Mr. Chairman, if this amendment should be adopted, it would mean that the life of the War Finance Corporation as such would be reduced from 10 to 8 years. The moral effect of cutting down the life of this corporation at this time would be good.

The public is in no frame of mind to continue indefinitely the life of a corporation such as this. So much doubt has been expressed as to the wisdom of establishing this corporation at all that it seems advisable we should say to the people that this is not a permanent organization, is not intended to be permanent, but is a temporary organization called into life and being solely because of the exigencies of the war.

Mr. GARNER. May I interrupt the gentleman?

Mr. MOORE of Pennsylvania. Yes.

Mr. GARNER. I wish to direct the attention of the gentleman to the remainder of that section, the latter portion of it, in which its active work is limited to six months after the war is over.

Mr. MOORE of Pennsylvania. That is correct. Six months after the termination of the war, and the bill provides that also in the case of the Capital Issues Committee; but no one can tell how long the war will last. I am speaking of the effect of informing the public at this time of the propriety of limiting the life of the corporation. The affairs of the corporation can not be closed up within six months after the close of the war, no matter when that is, if the business of the corporation continues during the period of the war.

Mr. GARNER. But its active life ceases six months after the President's proclamation of peace.

Mr. MOORE of Pennsylvania. It does; but I question whether the members of the corporation will not continue to receive their \$12,000 per annum. The business will have to be continued. Somebody will be obliged to go on for the purposes of liquidation.

Mr. STERLING of Illinois. Mr. Chairman, will the gentleman yield for a question?

Mr. MOORE of Pennsylvania. Yes.

Mr. STERLING of Illinois. Does the gentleman think that the salaries would go on after the affairs of the corporation were wound up?

Mr. MOORE of Pennsylvania. Yes; unless we have some new legislation, because somebody must carry on this business.

Mr. STERLING of Illinois. It seems to me that the business of the corporation must stop when its affairs are wound up, and the corporation ends at that time. It may end sooner than 10 years, it may end sooner than 8 years, and certainly the salaries of these officers would cease at that time.

Mr. MOORE of Pennsylvania. I addressed myself to this matter for the purpose of calling attention to the fact that the obligations of this corporation are to be made for a period of five years. If the war continues three years and obligations are made up to the expiration of three years for a five-year period, that means that the business of the corporation necessarily will cover a period of three years plus five years, or eight years.

Mr. STERLING of Illinois. And six months in addition to that.

Mr. MOORE of Pennsylvania. Yes; and six months in addition to that. If the war lasts for 10 years, plus the six months for closing up the affairs of the corporation, and obligations are made for five years, it will mean that 15 years plus 6 months will be the life of this corporation. I am in favor of giving notice to the corporation itself and to the banking interests and to the Treasury Department that we do not desire a permanent corporation here, but wish it to limit its business, to get through as speedily as possible, and then quit. There can be no harm in reducing the period of the life of the corporation. If necessary the corporation can come to Congress and ask for an extension of its life. It should be made to understand that it is not supreme, but that it must come to Congress to ask for a continuance of its life or for any extension of its powers. That is the whole point of the argument. I want Congress to retain its hold upon this corporation. If at the end of eight years it is necessary for the corporation to prolong its life it can come here and ask Congress for such an extension as may be necessary.

Mr. McFADDEN. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment of the gentleman from Pennsylvania [Mr. Moore].

The question being taken, on a division (demanded by Mr. Moore of Pennsylvania) there were—ayes 22, noes 41.

Accordingly the amendment was rejected.

Mr. GILLET. Mr. Chairman, I have hesitated a good deal whether I should say anything at all upon this bill, because my feelings about it are very mixed. Up to this time I have voted willingly and cheerfully to give the administration all the powers it has asked, I think, but in this instance I confess I have serious misgivings. I think I shall vote for the bill, though I am still going to listen to the debate; but I should like to say a word as to the way I look upon it. A great many men on both sides of the House have said that when they first read this bill it shocked them, and I admit I sympathize with that experience. It is an old adage of philosophy that the possession of power begets the greed for power. I am inclined to think this administration is illustrating that old adage, and I know of no instance that to my mind illustrates it more forcibly and clearly than this bill, as it was originally presented to this House. The Secretary of the Treasury has never, to my knowledge, been charged with shrinking modesty, but if he has it he certainly did not betray it in the drafting and presenting of this bill, because I can not conceive of more assurance than was required to ask the power proposed in this bill as it originally was presented. It gave to the Secretary of the Treasury,

subject to the approval of the President—and that was to the reigning family—absolute power to appoint the five directors, to discharge at will the five directors, and to fix the salaries of the five directors. So that as this bill was originally presented to this House it gave power to the Secretary of the Treasury to control absolutely through a board of dependent directors the business life of this country and to force upon corporations either bankruptcy or prosperity at his pleasure. And I am sure that is a power which very few would think any administration could safely be trusted with. The gentleman from Texas this morning said that nine-tenths of the Members of this House when they first read the bill were opposed to it, and nine-tenths of the Members now are in favor of it. Very likely that is true, but I think that the distinction is not that the nine-tenths of the Members have changed their minds, but the bill has been changed, and while we could not approve it as it first came to the House, improved as it has been by the Ways and Means Committee, we probably can now give it our assent.

But to me the fundamental danger about the bill is that it establishes this great corporation, which is really a banking corporation, which can exercise absolute favoritism over the business community. We have all boasted that the Federal Reserve System—I certainly have boasted—was prepared to meet emergencies, and that it has splendidly met emergencies. I hoped that it could meet every emergency. This is a great banking proposition, and I am not at all sure that this can not be met best not by such a corporation as this but by ordinary banking facilities, improved and assisted by legislation.

It might be necessary to proclaim a moratorium. I suppose that the most crying necessity for such a corporation is that there are falling due enormous quantities of bonds and other obligations which can not be met or renewed because the United States is floating bonds and absorbing the savings which would naturally flow into these bonds, and therefore the bonds can not be floated. That probably is true. But it seems to me that a remedy even safer than this might be to apply a moratorium with a fair readjustment of interest so that these great issues of bonds which are coming due might be compelled to be continued and held and renewed, not by loans of the United States, for that is practically what this bill provides, but by the present holders. There would occasionally, of course, be individual instances of suffering under that, but after all it would not generally be unfair to compel people to continue their investments with more favorable interest, and if that were done, it seems to me, our present banking system could rise to the emergency and in that way we would not be obliged to go into this new field of finance and establish this new corporation, which after all is founded on the same old principle that the Greenbackers always indorsed, that the Government should furnish money for the people, and is subject to the charge if not to the accomplishment of favoritism and discrimination and graft. The most of us agree that that is a very unfortunate idea to place in the minds of people. Here we are doing it for the big business of the country, because it is said that that is the only way it can be met. It may be true. I recognize that the committee have studied the bill and its necessity far more deeply than I and I am disposed to defer to their opinion; but I have great misgivings, a fundamental antagonism to allowing such an opportunity for favoritism and control over the business of the country to any man or corporation. [Applause.]

Mr. GLASS. Mr. Chairman, the Federal reserve banking system was not intended to meet war emergencies of this description. No strictly commercial banking system could possibly meet emergencies such as the refunding of the indebtedness of great private corporations. If we were to do as England did, and as the gentleman from Massachusetts [Mr. GILBERT] has suggested we might do; that is, declare a moratorium in matters of that kind, we might appreciably get over our difficulties and the Federal reserve banking system might, in circumstances of that sort, meet every requirement. But it was not intended to meet emergencies in the investment securities system of the country, and was not devised of it, and ought not to be prevented to that use.

I do not think, Mr. Chairman, that we should obscure the meaning or prejudice the intent of this proposed legislation by constantly adverting to one particular phase of it, as has been done in all the discussion so far had. Gentlemen talk about the extraordinary power that this bill confers on the Secretary of the Treasury. One gentleman this morning congratulated the Ways and Means Committee on the fact that it had not manifested abject servility to suggestions from the executive branch of the Government. Well, I admit that we are improving in that respect; but, singularly enough, when the gentleman from Ohio [Mr. LONGWORTH] interposed the statement that the original draft of this bill contained 17 instances in which the approval

of the Secretary of the Treasury was required, I took my copy of the national banking act, then in my hand, and in about two minutes of cursory reference to the Vreeland-Aldrich Act I found 16 provisions requiring the approval and the exercise of the discretion of the Secretary of the Treasury. That act was about one-third as long as this proposed bill.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GLASS. Yes.

Mr. LONGWORTH. That is an entirely different thing. The trouble with this bill is that it gives an opportunity for discrimination in favor of certain interests.

Mr. GLASS. In answer to that I may say that if the gentleman will take the pains to examine the Vreeland-Aldrich currency act, he will find that the act afforded unprecedented authority to the Secretary of the Treasury of the United States to exercise discrimination, to exhibit whim and prejudice in the matter of granting credit and the issuance of currency in this country.

That act gave the Secretary of the Treasury absolute dominion over the credits and currency of this country in time of emergency. Care was not even had to surround him with a "dummy directorate," as has been suggested here that this bill does; but he was the whole thing. He was "It." He could even determine in his discretion what banks should become members of the credit associations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GARNER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 10 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GLASS. Mr. Chairman, the Secretary of the Treasury was expressly charged with the power to admit banks to these loan associations, and could deny them admission. See what tremendous power was there vested in one single officer of this Government! The Secretary of the Treasury, under that act, was charged with the duty of determining all credits that might be granted in time of emergency both as to their nature or volume. He was charged with the extraordinary discretion of determining whether any section of this country, whether any State of the 48 States of the American Union, was entitled to the credit for which it might apply in time of panic or emergency.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. GLASS. Yes.

Mr. SNYDER. Is it not a fact, however, that all those loans that were presented to the Secretary of the Treasury at that time were passed upon by local banking committees?

Mr. GLASS. Certainly.

Mr. SNYDER. And did they not have to be accompanied by the usual collateral?

Mr. GLASS. I am talking about the ultimate power of the Secretary of the Treasury. The Secretary of the Treasury was clothed with the ultimate power, no matter what had been the banking judgment of the local committees, to decline to permit a loan to be made.

Mr. SNYDER. That is true. He had the right to decline, but they were first presented by the local committees.

Mr. GLASS. Oh, yes; and the loans applied for under this bill have to go through the process of examination by local committees and receive the indorsement of the local banks. Nobody raised any objection when that was done. I was a member of the Banking and Currency Committee of the House at the time. I do not recall that anybody suggested that the Secretary of the Treasury would so far forget his duty to his country as to exercise that unusual power in a way that would prejudice the private or public interests of the United States. When it comes to the exercise of power in an emergency you have got to trust somebody in the last analysis. Take the banking business from its foundation up to its capstone. You see all along the line that the power of discretion and quick action is vested in a few men. Your local bank has its small committee, composed usually of not more than three directors, to pass on loans. Power is delegated to a single cashier of a bank in time of emergency calling for quick action to pass definitely on an application for a loan, without reference to the loan committee or the action of the board of directors. See what has been done for 50 years under your national banking system. The autocrat of the banking and currency system of the country is the Comptroller of the Currency. He has the most extraordinary powers of any man who is brought into relation with the banking and currency system. He can destroy a bank by a word. The Comptroller of the Currency can alone thrust a bank into receivership. And yet now, in time of war, facing a situation such as the world never dreamed of before, gentlemen attempt to obscure the intent and the real

necessities of legislation proposed by constantly adverting to the power it confers on the Secretary of the Treasury. I congratulate the Committee on Ways and Means that it did not fall a servile victim to executive suggestion, and that, as the gentleman from Ohio [Mr. LONGWORTH] says, it struck out 14 of the 17 phrases in the bill that gave power to the Secretary of the Treasury. The Banking and Currency Committee of the House of Representatives and the Finance Committee of the United States Senate 12 years ago fell a victim to that sort of "subserviency," if it may be called "subserviency," which I very much doubt. We have got to trust the patriotism and the wisdom and the courage of men whom we have put in power; and if he were a Republican rather than a Democrat, I would stand here and say that well may we trust to the wisdom and the courage and the discretion of the occupant of the office of Secretary of the Treasury of the United States. [Applause.] I would despise myself if I complaisantly could conceive of the appointment by the President, and the confirmation by the United States Senate, of any man as Secretary of the Treasury who in this time of all other times could not implicitly be trusted to use the power of his office in behalf of the public weal and with an intent to win this war for the United States and the allies. [Applause.]

Mr. STAFFORD. Mr. Chairman, I move to strike out the word "four," in line 4, page 1, and insert the word "eight."

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 4, strike out the word "four" and insert in lieu thereof the word "eight."

Mr. STAFFORD. Mr. Chairman, the purpose of this amendment is to increase the membership of the board of directors from five to nine. I am not in favor of vesting these great powers, unheard of in the history of our country since its foundation, unheard of in any of the foreign belligerent powers, to meet the emergencies occasioned by this world war, in a close corporation consisting of the Secretary of the Treasury and four directors, even though those four directors are to be appointed by the President and confirmed by the Senate of the United States. If this were money of our own, we would be loath indeed to charge any five members with the powers that this bill seeks to vest in this board of directors. We all know that in numbers there is security and safety; that the consummate judgment of many is better than the judgment of one. I do not believe that four members, as this bill provides, should be vested with this great power, even though the Secretary of the Treasury has the right to determine the general policy. Rather would I lodge the power in a larger board of directors. There is no bank in the country to-day that has the capital or approaches the capital and resources that this bank will have. The distinguished chairman of the Committee on Banking and Currency cited the autocratic power of the Comptroller of the Currency. Yes, the present Comptroller of the Currency is vested with great power and has used that great power at times autocratically against the banks that did not yield to his individual opinion; but this bank is not to be subject to the supervision of the Comptroller of the Currency. It is to be supreme in itself, and business men whom I expect to be appointed to this board of directors should be in such number that they would be able to give their individual judgment to the questions of policy that will be presented to this bank for its decision. It was hinted that the Secretary of the Treasury, when he first went before the Committee on Ways and Means in advocacy of the original bill, cited the railway system of Detroit—the D. U. R.—as an instance of funds being needed to rehabilitate that rather bankrupt street-railway corporation.

Why is that street railway system in need of support? Because it has no franchise. The municipality of Detroit is unwilling to grant it a franchise, and yet this bank, this national bank is to be called upon out of the people's funds to advance money to bolster up some local institution that has not standing enough to get support from their own local bankers.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Mr. Chairman, I ask to proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. STAFFORD. If it is the purpose of this bill to bring succor and relief to these corporations that have not financial standing in their local communities to get support, and I believe that is one of the main reasons advanced for it, if you will look into the bill closely, then those powers should be lodged in a larger directorate than provided in the bill. The directors should be so large in number—I have proposed eight,

nine with the Secretary of the Treasury acting as chairman ex officio—so that a director could go and give it his personal investigation as to whether there is warrant for the advance of the Government's money to support the loan. The gentleman from Virginia [Mr. GLASS] grew eloquent in citing the autocratic power that was lodged in the Secretary of the Treasury under the Vreeland-Aldrich Act, and he rose in his peroration in grand style, saying that even if it were a Republican Secretary of the Treasury he would not in this emergency do ought to withhold those powers. But I want to call his attention to the fact that when the Republicans were in control of the administration of this Chamber, at the time of the passage of the Vreeland-Aldrich bill, when we had had a stringency of the money market occasioned by the failure of some local banks in New York City, which spread its influence over the whole country, and the leaders on the Republican side believed it was necessary to prevent a recurrence of such a condition again if it would develop before we could take up and enact a permanent measure for the relief of the financial institutions of the country, that Democrats as a unit, in that patriotic hour and to meet such a condition, voted solidly against the Vreeland-Aldrich bill. They lived to eat their own words, because in the Federal reserve act that they themselves brought into the House, because they happened to be in power at that time, they incorporated and adopted the Vreeland-Aldrich currency act in substance in the Federal reserve bank act until the new system could be established.

Mr. GLASS. Will the gentleman permit an interruption?

Mr. STAFFORD. I shall be very glad to do so.

Mr. GLASS. I will say to the gentleman that nobody on this side voted against the Vreeland-Aldrich bill or the principle embodied in that bill on account of the power which was conferred upon the Secretary of the Treasury, and the gentleman is totally mistaken if he thinks the Federal reserve act embodied the Aldrich-Vreeland bill in its provisions. It embodied a very much changed Vreeland-Aldrich bill.

Mr. STAFFORD. Oh, yes; but the fundamental principle, notwithstanding, was there and they were obliged to have it retained in the Federal reserve act until that system was established; and the gentleman does not controvert the statement that I made that the Democrats unitedly voted against that entire measure or system for the relief and amelioration of the financial condition of the country to meet a crucial emergency that might confront the country because of the stringency of the money market.

Mr. SWITZER. Will the gentleman yield?

Mr. STAFFORD. I will.

Mr. SWITZER. Have not they still adopted the fundamental principles of the Aldrich bill in allowing them to take all the bonds and notes by Federal reserve banks—

Mr. STAFFORD. This goes way beyond the Vreeland-Aldrich bill, and I am seeking in all seriousness to submit to the attention of this committee the need and the value of having this directorate increased. You gentlemen here, if you were advancing your individual funds for the purpose of stock of this \$500,000,000 corporation, would not be willing as stockholders in that corporation to lodge this great power in a directorate of four. You would necessarily say that if that money was to be voted as this is going to be voted and advanced throughout the country it should be lodged in a larger directorate. I offer this amendment in all seriousness, realizing the many duties that the present Secretary of the Treasury has and the need of this great power and authority being lodged in a larger board of directors.

Mr. DEWALT. Will the gentleman yield?

Mr. STAFFORD. I will.

Mr. DEWALT. I ask for information. Can the gentleman cite any instance, or is there any recorded instance, of the abuse of power granted to the Secretary of the Treasury under the Aldrich-Vreeland bill?

Mr. STAFFORD. Oh, the Secretary of the Treasury did not have much occasion to use the privileges contained in the Aldrich-Vreeland currency bill. That was an emergency measure, and that was passed in case the same condition would arise following its enactment as during the year 1907-8, when we had a financial stringency.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. KITCHIN. Mr. Chairman, I hope the amendment of the gentleman from Wisconsin will not prevail. Your committee discussed and considered well the question whether the number of directors of this corporation should be increased. It was the thought of the committee, I believe it was the unanimous thought of the committee, that in this emergency measure a directorate of five, the Secretary of the Treasury and four

others, could render more harmonious, cooperative, and efficient service than a larger directorate. Outside of the ex officio officers of the Government there are only five directors of the Federal Reserve Board; there are only five members of the Federal Trade Commission; there are only six members of the Tariff Board; and, according to the provisions of this bill, this creates a directorate of five.

Your committee is of the opinion that five directors will be sufficient. It gives a majority of these five the right of action, with one or two or three possible exceptions where the approval of the Secretary must be obtained. But we all agree that it is wise that his approval in those instances should be had, because they relate to bonds and obligations of the United States and the money in the Treasury. The Secretary of the Treasury is given the power and authority and responsibility of offering for sale and selling the bonds of the United States Government. It is important that the Secretary of the Treasury have some say-so as to how many bonds this corporation should buy or sell and when these bonds should be bought or sold. He should have some say-so, which we gave him when we appropriated the amount of \$500,000,000 to be paid in, when and as called by the corporation, because he is in a position to know whether the Treasury condition at the time the directors may call for any particular amount would justify taking that amount from the Treasury at the particular time. Suppose they did not have in the Treasury \$500,000,000, and the board of directors should call for \$500,000,000, the full amount of this authorized capital stock? Why should not the Secretary of the Treasury, who is responsible for paying out of the appropriation that Congress makes, have some say-so as to when and how much of this capital stock should be called for and when it should be paid? Now, the directors must act with respect to the payment of the capital stock, with the approval of the Secretary of the Treasury.

Gentlemen, I do not think you need to fear that with these four outside directors, with the Secretary of the Treasury as chairman, that there is going to be any autocratic power or that there can be any autocratic power used. And, as I said at the beginning, we believe, and I believe the judgment of the business men of this House will agree with us, that a directorate of five, in enforcing a great emergency act like this, would be more harmonious and more efficient than a larger directorate.

And I hope the gentleman's amendment will not carry.

Mr. MONDELL. Mr. Chairman, I desire to be heard on the amendment.

I have a great deal of sympathy with the amendment of the gentleman from Wisconsin [Mr. STAFFORD]. I presume that it is his hope, in offering his amendment providing for a larger number of directors for the corporation to be created, that there will be more chance, at least, of having the directorate reasonably and fairly represent the country—all sections, all views, economic, industrial, and political. If I believed his amendment would accomplish that purpose, which I think the gentleman must have in his mind, I should support his amendment. But if we are not to have four men of the proper sort and kind appointed, we could scarcely hope that out of eight we would secure a better selection. It is true, and it is profoundly regrettable that it is true, that up to this time the country has had reason to be disappointed in the matter of many appointments made to places of high trust and great responsibility. I have no special criticism of the gentlemen who have been appointed, but I do believe that I am justified in saying that they have not always represented the highest character and ability that the majority party has within its ranks. Appointments have failed utterly to fairly represent the differing political views of the country, even in the cases where Congress has provided for such appointments. That has been true in the past, and yet we are compelled under these circumstances to paraphrase the statement of the old patriarch Job, in his affliction, of, "Though He slays me, yet will I trust in Him," by saying, "Though the Chief Executive continue to disappoint us in the matter of appointments, still we must trust him."

The appointing power is his under the Constitution. We have no disposition to take it away from him. But we do hope that inasmuch as men of all parties in all parts of the country are supporting those things believed to be necessary for the conduct of the war, for the maintenance of good conditions in the country, supporting propositions with regard to which they have serious doubts and misgivings—we do hope that in the future, at least, these appointments shall be made of the men best qualified, men with the widest and broadest experience, the men most likely to command the respect of all the people and the confidence of all the people. It also is our hope that where Congress in good faith provides, as in this case, that the

appointments shall represent not only the majority but the minority, that provision shall be carried out in good faith, so that the appointments will represent the different and divergent political views held by the American people.

The CHAIRMAN. Without objection, the pro forma amendment of the gentleman from Wyoming will be withdrawn. The question is on the amendment of the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. That the capital stock of the corporation shall be \$500,000,000, all of which shall be subscribed by the United States of America, and such subscription shall be subject to call upon the vote of three-fifths of the board of directors of the corporation, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000, or so much thereof as may be necessary, for the purpose of making payment upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury, and shall be evidence of stock ownership.

Mr. FESS. Mr. Chairman, I move to strike out the last word.

I would like to ask the chairman of the committee as to the statement made by the head of another committee in a responsible body in the country, that last September this bill was framed and provided for \$50,000,000 capitalization, with the permission to issue \$500,000,000 of bonds. That statement was made in the last few days.

Mr. KITCHIN. I will say in answer to the question that I never heard of this bill or this scheme until some time between the 20th and the 25th of January. The first information I had in connection with the bill was given me in the presence of the gentleman from Michigan [Mr. FORDNEY] and two or three Senators, including Senator LODGE, of Massachusetts. I do not think there is anything in the statement suggested by the gentleman from Ohio. No doubt the authors of the bill themselves, who thought of this scheme, had been working on it for months before I saw it.

Mr. FESS. I simply wanted to make the observation that the difference between \$50,000,000 and \$500,000,000 is only a difference of 1,000 per cent, and if the suggestion was made six months ago by a very responsible man in a very responsible position in our financial organization, and he thought that \$50,000,000 six months ago was sufficient and now this \$500,000,000 is necessary, it might be a suggestion as to what we would be asked to do later on. And it is another item in this general condition of mind that the country is in to jump at conclusions, to make great leaps, and it causes me considerable bewilderment.

I think that the chairman of the committee will agree with me that if that was suggested, as was stated in another body a short time ago, and that then in this short time we have discovered that that has fallen so far short, and this later suggestion comes, that it is a ground for all of us, desirous of doing the right thing, to take pains to be quite certain of our grounds before we take the step, because finance is such an abstract proposition, and there seems to be such a variety of opinion on it, that a little difference between \$50,000,000 and \$500,000,000 is rather bewildering, particularly when it comes from the head of the financial institutions of the country.

Mr. LONGWORTH. Mr. Chairman, will my colleague yield to me there?

Mr. FESS. I yield to my friend.

Mr. LONGWORTH. In that connection I have been informed that the proposition as finally submitted to the Secretary of the Treasury from the Federal Reserve Board called for a capitalization of \$250,000,000 and the right to issue in excess of eight times that, so that the amount thereby authorized would be exactly what is authorized in this bill, a total of \$2,500,000,000.

Mr. FESS. Was that the suggestion made originally?

Mr. LONGWORTH. I am told that that was the suggestion made by the Federal reserve officers to the Secretary of the Treasury. I have only been told that.

Mr. KITCHIN. I have never heard of that before, but if it be true that the original design was \$50,000,000, they did not at that time contemplate such extensive powers and such extensive loans. Perhaps only \$50,000,000 was the first limit of the capital stock. If that was so, no doubt they only intended at that time to simply include loans to the banks that were loaning direct to war industries.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FESS. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN (Mr. GARRETT of Tennessee). The gentleman from Ohio asks unanimous consent for five minutes more. Is there objection?

There was no objection.

Mr. KITCHIN. I can see how the \$50,000,000 of capital stock proposed could have been contemplated when they were simply going to confine the advances to certain institutions. But now this bill contemplates advances to all banking institutions that are making loans to industries necessary or contributory to the war, for instance, railroads or public utilities that are contributing or are necessary to the prosecution of the war. This bill also contemplates the making of advances to savings banks and trust companies that receive deposits.

Mr. FESS. That was probably not in it, then?

Mr. KITCHIN. No. That was probably not in it, then. And if it was confined to \$50,000,000, it was not contemplated to loan to the banks that had taken securities of war industries.

Mr. FESS. Would the chairman mean by the statement a moment ago that originally that might have contemplated only loaning to banks, and then later on taking in the larger field?

Would I understand from that that these exceptional cases, where the corporation will loan money directly, will measure the additional amount that was not originally considered?

Mr. KITCHIN. No. What I intend to convey is that while I never heard of this original limit of \$50,000,000, if any intelligent man in or outside of the Treasury Department contemplated the vast advances and the vast aid to be rendered to industries contributory or necessary to the prosecution of the war and thought they could do that with only \$50,000,000 as the limit, he was a financial idiot, almost. It could not be done.

Mr. FESS. What had the committee in mind when they reduced the issue from \$4,000,000,000 to \$2,000,000,000?

Mr. KITCHIN. We thought it would be a safer proposition; that the corporation would be better protected; and that in many ways it would be better. For instance, we thought if we left the limit at \$4,000,000,000 there would be a hundred times more applicants for those loans. If it was left at \$4,000,000,000 many would think that we had piled up a mountain of greenbacks and money down in Washington and would say, "We will come in and get our part."

Mr. FESS. Have you any assurance that that will not come about anyway?

Mr. KITCHIN. And another thing: We thought that with bonds of \$2,000,000,000, with \$500,000,000 to back it, it would be better than to authorize an issue of \$4,000,000,000. For instance, say I was worth \$100,000. My note for \$10,000 could be more easily sold and at a less rate of discount than if I were to give a note of \$50,000 or \$75,000. We thought the bonds of the corporation would be more salable and would come less in competition with the sale of Government bonds under a \$2,000,000,000 limit than under a \$4,000,000,000 limit. It occurred to us, too, that if it became necessary at a later time for the Treasury Department or for this corporation to issue more than \$2,000,000,000 to aid industries requiring aid, after the corporation had loaned out or advanced, say, \$1,500,000,000 they could come back to Congress, and after Congress had looked over the reports and had seen that this \$1,500,000,000 had been wisely conserved and expended in accordance with the provisions of the act, that Congress would, if necessary, grant authority to issue additional bonds.

Mr. FESS. I think this change that the committee made is one of the most important that was made, and the reason why I asked the ground for your cutting it down was that I wanted to know whether you thought \$2,000,000,000 would be sufficient when they asked for \$4,000,000,000?

Mr. KITCHIN. Entirely so.

Mr. LONGWORTH. Mr. Warburg stated that the Secretary of the Treasury expected that at no time would there be more than \$2,000,000,000 outstanding.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Iowa moves to strike out the last two words.

Mr. GREEN of Iowa. Mr. Chairman, with reference to the matter that the gentleman from Ohio [Mr. Fess] has just mentioned I would say that in my judgment from the beginning the amount of capital provided for this corporation has been altogether too large. In England provision was made under the name of the "British Trade Corporation" for the creation of a corporation for somewhat similar purposes. The total capital of that corporation is only \$50,000,000.

Mr. FESS. Mr. Chairman, will the gentleman yield there?

Mr. GREEN of Iowa. Yes.

Mr. FESS. Will not the Member sometimes get an idea of confusion of lack of discrimination between the war-trade bill in England and this particular bill? There is a very wide difference, is there not?

Mr. GREEN of Iowa. Yes; there is a very wide difference. That was made practically for the purpose of advancing overseas transactions, but I am unable to go into those details at this time. I intended to call the attention of the committee more particularly to another matter.

I want to say, Mr. Chairman and gentlemen of the committee, that I am frightened at these enormous appropriations that are being made for corporations to be carried on under the direction of the Government at this time. We appropriated \$500,000,000 for the purpose of carrying on the railroads. We appropriate in this bill \$500,000,000 more, a total of \$1,000,000,000. One-fourteenth of the highest amount that I have heard fixed for the next liberty loan is to go into these two items alone. Where is this thing to stop, gentlemen, and how is this Nation, with all of its enormous resources, to provide these prodigious sums that are being continually called for? I say we can not go on in this manner. In my judgment the amount of capital provided in this bill should have been much smaller. It is entirely unnecessary that we should have this amount.

Mr. McFADDEN. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. McFADDEN. I should like to call the attention of the gentleman to the statement made by the gentleman from North Carolina [Mr. KITCHIN] the other day when he said that the almost immediate demands upon this corporation would be for \$4,000,000,000.

Mr. GREEN of Iowa. The gentleman has stated the reason why this bill has been expanded, I have no doubt, but he has also stated one of the chief objections that can be made against the bill. The moment you start with Uncle Sam paying expenses, then the whole country descends upon you and wants to have money for all conceivable purposes. I have said before, and I say it now, that instead of this corporation being a national one, and one carried on by the Government, it ought to have been a subsidiary corporation to the Federal reserve bank—a private corporation—then it would not be expected that the Government would furnish the money for every project that had become in some way involved and was having difficulty in obtaining credit.

Mr. McFADDEN. Will the gentleman yield further?

Mr. GREEN of Iowa. Yes.

Mr. McFADDEN. Will the gentleman explain how a demand for \$4,000,000,000 is to be taken care of by the organization of a corporation with only \$2,500,000,000?

Mr. GREEN of Iowa. I have not undertaken to explain that. I say these demands are too much, that they ought not to be made, that the Government ought not to undertake to provide any such sum, and undertake to supply every demand that may be made for funds.

Now, Mr. Chairman, I want to mention at this time another matter. The gentleman from Pennsylvania on yesterday, as I remember, said that this bill was a species of camouflage. Some one remarked at that time that the word "camouflage" has been somewhat overworked of late, and I entirely agree with that statement so far as this bill is concerned. Whatever may be the objections to this bill, whatever may be its faults, its defects, or its merits, they are perfectly apparent. The Ways and Means Committee have taken every pains in the world to make all of its provisions as clear as possible, and the purpose and intent of the bill shines out in every paragraph as clear as a star on a winter night. There is no reason for anyone mistaking the purpose of this bill or misunderstanding it. The purpose for which it may be used is there, the appropriation is there, and the object is perfectly plain and clear.

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment will be withdrawn.

Mr. DILLON. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from South Dakota offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DILLON: Page 2, line 11, after the word "subscription," insert "by installments."

Mr. DILLON. Mr. Chairman, the subscription is made at one time, and I take it that the intent is to call this subscription by installments or by percentages, and that is the purpose of my amendment. If you will examine the language of the bill you will see that it refers to one act of subscription, and then it says subject to a call or calls at such time or times as may be deemed advisable.

That is all I desire to say. I trust my amendment will be agreed to.

Mr. STERLING of Illinois. The gentleman's amendment proposes that the subscription may be paid in installments?

Mr. DILLON. That is what I propose.

Mr. STERLING of Illinois. They can call for it in installments now, as they need it.

Mr. DILLON. The subscription is one act, and I want to put in the words "by installments," so that they may be paid in that way as called for.

Mr. KITCHIN. If the gentleman will permit me, his amendment would clarify the section if further on in the same section it was not perfectly plain, and so stated, that—

Such subscription shall be subject to call * * * at such time or times as may be deemed advisable.

That means in such amounts, from time to time, as the Secretary of the Treasury and the board of directors may determine. The gentleman's amendment mystifies it. It says "in installments." That might mean that they must make a rule that the installments should be in certain fixed amounts. As it is, they may call for it as the condition of the finances of the Treasury may justify. Evidently the gentleman overlooked lines 17, 18, and 19, which make it perfectly clear that they can call for it in such amounts at such times as they think proper. After making the appropriation, this is the language:

the sum of \$500,000,000, or so much thereof as may be necessary, for the purpose of making payment upon such subscription when and as called.

Mr. DILLON. I think the gentleman is correct in regard to that. I had not noticed those lines.

Mr. KITCHIN. I think the gentleman's amendment is unnecessary.

Mr. DILLON. I withdraw my amendment.

The CHAIRMAN. The amendment of the gentleman from South Dakota is withdrawn. The Clerk will read.

The Clerk read as follows:

SEC. 3. That the management of the corporation shall be vested in a board of directors, consisting of the Secretary of the Treasury, who shall be chairman of the board, and four other persons, to be appointed by the President of the United States, by and with the advice and consent of the Senate. Not more than three of the five directors shall be members of the same political party. No director or officer of the corporation shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association, in which he is directly or indirectly interested; and each director shall devote to the business of the corporation all of his time not devoted to the business of the United States. Before entering upon his duties, each of the four directors so appointed, and each officer, shall certify under oath to the Secretary of the Treasury that he will comply with the provisions aforesaid, and he shall also take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment as a director of the corporation of any officer or employee under the United States or of a director of a Federal reserve bank.

Mr. GREEN of Iowa. Mr. Chairman, as this section was originally presented to the committee it provided, as every one will remember, for the appointment of the other directors by the Secretary of the Treasury, and their dismissal at his pleasure. I think that the change in this provision has greatly improved the bill, and I think it will be found, with reference to this change, as with reference to the other changes made by the members of the committee, that in no case has the efficiency of the bill or its power for good been limited or decreased in the least by these changes. If it be so found, I assume that those changes will be approved.

In discussing this matter a short time ago the gentleman from Virginia [Mr. GLASS] referred to the powers which were conferred upon the Secretary of the Treasury under the Vreeland-Aldrich Act, and stated that in his opinion the powers which were given to the Secretary of the Treasury under that statute were much larger than those sought to be conferred by the bill under consideration. I do not so view it. The powers that were conferred on the Secretary of the Treasury under the Vreeland-Aldrich Act were more in the nature of a limitation on the acts of others. The gentleman from Virginia gave the impression to the House, although perhaps he did not so intend, that the Secretary of the Treasury under the Vreeland-Aldrich Act could determine just which banks should belong to the association which might obtain the benefits of this act. Such is not the case. The Vreeland-Aldrich Act provided in the first section thereof that certain banks, specifying them, might form credit associations; and the approval of the Secretary of the Treasury applied only where some bank had been excluded from these associations and wished to join them, in which event, with the approval of the Secretary of the Treasury and upon proper application, it might be permitted to join. So in various parts of the bill it provided for the action of the Secretary of the Treasury, and for control by him where privileges had been abused by some other party.

It was not so much the conferring of power upon the Secretary of the Treasury as it was the limiting of the powers of others and preventing the abuse of those powers under the provisions of the act. So far as I know, no objection was ever made against the Vreeland-Aldrich Act that it conferred too great power on the Secretary of the Treasury. The bill we are now considering confers extraordinary powers on the corporation thereby created and its directors, even as it stands. In this particular case, under the section we are now considering, if the Secretary had been given the power not only to appoint co-directors but to remove them at his pleasure, it is obvious that these men would have been but dummies; there would have been in fact one sole director, because the others would be absolutely subservient to his wish. No such power as that was ever conferred on a director of a great institution, and ought not to be conferred in this case.

The Clerk read as follows:

Of the four directors so appointed, the President of the United States shall designate two to serve for two years, and two for four years; and thereafter each director so appointed shall serve for four years. Whenever a vacancy shall occur among the directors so appointed, the person appointed director to fill any such vacancy shall hold office for the unexpired term of the member whose place he is selected to fill. Any director shall be subject to removal by the President of the United States. Three members of the board of directors shall constitute a quorum for the transaction of business.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word. I want to call the attention of the chairman to the fact that in the appointment of the members of this board the Secretary of the Treasury will be one, the Comptroller of the Currency the second one, and the vice governor of the Federal reserve bank the third one. That leaves two men to be appointed. I do not intend to suggest or dictate as a Member of Congress, but I want to call attention to the fact that in the selection of these other two men that they ought to be representatives of the great business interests of this country.

Mr. GILLET. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. GILLET. Does the gentleman think that the Comptroller of the Currency can be one? He has been appointed chairman of the purchasing board of railroad supplies. Does not the gentleman think that would be enough in addition to his other duties?

Mr. McFADDEN. I do.

Mr. KITCHIN. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. KITCHIN. I have never heard anyone suggest that the Comptroller of the Currency would be appointed; in fact, I have not heard but one man suggested. I am pretty certain that the Secretary of the Treasury and the President are going to try to find the best qualified men to have on this directorate that can be found in this country. If they do not find well-qualified men the Senate will not confirm them. The President will have to pass on them, and perhaps the Secretary of the Treasury would naturally have some suggestion to make, but the nominations must pass in review of the committee of the Senate, and then in executive session the Senate will confirm or reject the appointments.

Mr. McFADDEN. I am glad the gentleman from North Carolina has made that statement. I hope his prediction will be proven. I withdraw the pro forma amendment.

The Clerk read as follows:

SEC. 4. That the four directors of the corporation appointed as hereinbefore provided shall receive annual salaries, payable monthly, the amount of which shall be fixed by the Secretary of the Treasury, with the approval of the President of the United States, not exceeding \$12,000. Any director receiving from the United States any salary or compensation for services shall not receive as salary from the corporation any amount which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the corporation exceed the amount fixed as the annual salary of a director of the corporation, as hereinbefore provided.

Mr. SLOAN. Mr. Chairman, I offer the following amendment, which I send to the Clerks' desk.

The Clerk read as follows:

Page 4, line 9, strike out after the word "monthly," all down to and including the word "exceeding" in line 11, and insert in lieu thereof the word "of."

Mr. KITCHIN. How will it then read?

The Clerk read as follows:

SEC. 4. That the four directors of the corporation appointed as hereinbefore provided shall receive annual salaries, payable monthly, of \$12,000.

Mr. KITCHIN. Mr. Chairman, I see no objection to that amendment. I think we will accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Sec. 5. That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

Mr. MOORE of Pennsylvania. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Page 4, lines 22 and 23, after the word "offices," strike out the words "in any city or cities of the United States" and insert the following: "such cities as have been designated as Federal reserve cities," so that the section as amended would read as follows:

"Sec. 5. That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in such cities as have been designated as Federal reserve cities under rules and regulations prescribed by the board of directors."

Mr. MOORE of Pennsylvania. Mr. Chairman, the disposition to create offices has grown upon us. I believe we should not indulge it too much in this bill. If the paragraph is permitted to stand as it reads, it would be within the power of the corporation to establish a large number, an unlimited number, of branch offices and agencies throughout the United States. I hesitate to say it, but it is a fact that during the last two or three years, since we have been creating commissions of one kind or another, a large number of cities, boroughs, hamlets, and villages have been designated in one way or another as Government agencies, and that carries with it the employment of a vast number of men and women. Take the Food Administration, for instance, and the Fuel Administration, which are doing more or less useful work just now. It developed that they, while intended for useful purposes, have from necessity or otherwise employed substantially 5,000 men and women in all the cities of the Union, covering all sorts of places, byways, and highways. If commissions we create are to continue and we are to employ people by the thousand under the present auspices, it will not be long before almost every man, woman, and child in the United States will be a Government employee. I question whether that is a good thing, economically or politically.

Mr. McKENZIE. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. McKENZIE. I would like to have the gentleman, a member of the committee, explain the necessity for any branch office under a bill of this kind.

Mr. MOORE of Pennsylvania. I question whether all the business done by the corporation could not be done in the city of Washington; but it may be that some corporation out in Oregon or Washington may desire to present a claim to some agency nearby rather than to come to Washington and present its claim here.

Of course any corporation that needs help from this war finance corporation ought to be ready to bear the expense of a trip to Washington to get it, but local conditions and local environment will have their influence with regard to these loans. I have contended right along that the Federal reserve bank ought not to be so far dissociated from the operations of this corporation that it can not advise the local banks or that the local banks can not advise the Federal reserve banks or that in turn they may not advise the board here in Washington as to the financial standing of the people away back yonder who want to borrow money. The amendment I have offered proposes that the number of agencies to be created by this war finance corporation shall be limited to 12, just as the agencies of the Federal Reserve Board are limited to 12. We gave the reserve board the option of creating from 8 to 12, and they at once seized the opportunity to create 12. That was supposed to contribute to the convenience of the people having to do business with the banks. If we limit the number of agencies of this war finance corporation and put them in the same cities in which the Federal Reserve Board has located its agencies, then we will really work an economy, because the Federal reserve bank is best posted as to the financial standing of the man who desires to borrow money. If he is a man unable to get money from the banks, the banks ought to at least be consulted as to whether it is wise to make that loan. It seems to me the machinery would move smoother, it would be more economical, to have these war finance corporation agencies located alongside of or within the existing agency cities of the Federal reserve banks. The two are going to work together anyway, and probably they ought to work together for consultation purposes and to exchange information.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. STAFFORD. I wish to inquire what the gentleman includes in the term "Federal reserve cities"? Does he limit that to the original 12 cities where the Federal reserve banks are located?

Mr. MOORE of Pennsylvania. Yes. I think that would add to the convenience of all sections of the country.

Mr. STAFFORD. The gentleman in his remarks in favor of this amendment referred not only to the cities where Federal reserve banks are located, but also where branch banks of the Federal reserve banks are located.

Mr. MOORE of Pennsylvania. If I said branches I meant those cities designated as Federal reserve cities.

Mr. STAFFORD. Of course, under the law there is nothing known as a Federal reserve city.

Mr. MOORE of Pennsylvania. Yes. I am pleased for once in my long legislative experience here to be able to correct the gentleman from Wisconsin. I hold in my hand the Federal reserve act, which, in section 2, provides that the Federal reserve bank organization committee shall designate "not less than 8 nor more than 12 cities to be known as Federal reserve cities."

Mr. STAFFORD. The gentleman from Wisconsin stands corrected.

Mr. MOORE of Pennsylvania. That is the finest tribute—

Mr. STAFFORD. That has ever been paid to the gentleman from Pennsylvania. [Laughter.]

Mr. MOORE of Pennsylvania. No; to the fairness of the gentleman from Wisconsin.

Mr. Chairman, this is a business proposition, and it seems to me wise and in the line of efficiency and economy.

Mr. STERLING of Illinois. Mr. Chairman, personally I do not pretend to know whether this corporation would need more or less than 12 branch agencies. I do not think that the gentleman from Pennsylvania [Mr. Moore] knows, and I do not think anybody in this House at this time can form any definite judgment as to how many branch agencies the corporation may need to carry on its business properly. I presume the Secretary of the Treasury does not know now how many branch agencies are needed, and he does not know now where they will be most needed; and I can see no reason why Congress should limit the number of agencies at this time. It is purely an administrative feature of the bill as to how many branch agencies will be established, and I certainly think that we ought to assume that the corporation would establish no more branch agencies than are necessary to carry on its business and that they would put them where they would best facilitate the business of the corporation. It does seem to me that branch agencies will be necessary. It would be a great hardship for people to come from long distances in this country to Washington to negotiate loans from the corporation.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. STERLING of Illinois. In just a minute. It is true, if they are in great need of money, they would be willing to pay the expense of coming to Washington for the purpose of securing a loan; but if there are no agencies throughout the country, necessarily the corporation must then be at the expense, which I dare say would be greater than the maintenance of branch agencies, of sending inspectors and investigators throughout the country to see whether loans ought to be made and determine the value of securities offered. I yield to the gentleman.

Mr. MOORE of Pennsylvania. Would not all this be simplified if we accepted these Federal reserve cities as locations for the new war corporation branches and used the machinery of the Federal reserve, which is to be a part of this system, to ferret out and acquire information?

Mr. STERLING of Illinois. It might be that that would be a very good plan, as far as it goes. It might be determined that it does not go far enough. It might turn out to be very important that there should be an agency in some of the other larger cities of the country, and certainly agencies established in large cities where there are no Federal reserve banks could better ascertain the necessity of the loan or the value of the securities offered than the Federal reserve bank could. Many important industrial cities have no such bank. Many war industries are located in these cities, and an agency of this corporation would be of great help to those industries.

Mr. GLASS. Is not that demonstrated by the fact itself that the Federal Reserve Board has established agencies in such great cities as Detroit? Would not an agency of this corporation be very apt to do very much more business in Detroit than in Atlanta or in Dallas or in Richmond?

Mr. STERLING of Illinois. I should think so. It seems to me that the needs of this corporation can not be fully understood at this time. It seems to me, further, that if a branch could be established at some great city where there would be possibilities of loans being made by the corporation, the mere fact that

there is an agency in that city where the war industries know and understand they can go for relief would give confidence to the financial situation, that would steady business, to the end that it might relieve this corporation of a great deal of business that it would otherwise be called upon to transact. It being an administrative feature, it seems to me it will be wholly unwise for the House to undertake to limit the operation of the corporation by prescribing in the law where it shall have its corporate representatives.

Mr. SMITH of Michigan. Mr. Chairman, I rise to oppose the amendment. I think this bill is an emergency measure. I think it is a war measure. I think it is necessary to have a corporation or some other kind of an organization in order to furnish the means to properly conduct and carry on this great war. I think the terms of the bill in relation to establishing these agencies provide a better means than is provided by the amendment of the gentleman from Pennsylvania. The purpose of furnishing this money is to supply and aid our war industries with means to manufacture and furnish ammunition to win the war. It seems to me that the corporation board of directors itself is the one to determine the places where that money is most needed and can be used and utilized to the best purposes, and that should be where these great war industries are being carried on. At the centers of these great war industries are the places where the branch corporation should be established. For that reason I think the amendment offered by the gentleman from Pennsylvania [Mr. Moore] ought not to prevail. Now, I want to answer another question. It was asked here this morning about how much money will be needed. Some one has suggested that we should have not only \$2,000,000,000, but it should be increased to \$4,000,000,000. Well, I will tell you just how much money we should have. We should have enough money to whip Germany.

Mr. BURNETT. How are we going to get it?

Mr. SMITH of Michigan. How does Germany get it? Earn it. We are worth twice as much as Germany. We produce and add to our national wealth forty billions each year. I, for one, stood here and I voted all the resources of my country for the purpose of bringing Germany to her senses. That has proven to be no small undertaking, but before I would submit to the yoke that Germany has put upon Belgium I would be willing to forfeit not only everything I possess but I would subscribe to the principle of our forefathers and pledge my life, my fortune, and my sacred honor. This war is a war of principle which we are fighting. We are fighting the most delusive, the most unfair, the most barbarous enemy that ever conducted a warfare. While we are trying to observe some of the principles of international law and decency, they are not reciprocating or observing either international law or the laws of humanity. We can not trust our enemy. He boasts about his agreements being worthless, mere scraps of paper. If Germany wins, the world is at her feet; we lose our Republic and civilization is turned back to the olden days of the feudal lords. I think the amendment of the gentleman ought not to prevail, and this corporation that has to furnish these funds ought to be the one to determine the places for establishing these loaning institutions. [Applause.]

Mr. SWITZER. Mr. Chairman, while I, with other Members of this body, voted to mobilize the resources of this country to prosecute this war waged against Germany to a successful termination, I have to submit that the question at this time is not so much the question of mobilizing of these resources as it is the question now of distributing some of these resources that we are mobilizing by taxation and through the sale of liberty bonds. And when it comes to that matter this body ought to have a little something to say about it, and we ought to throw about this distribution and this system of favoritism that we are creating here all the possible limitations that we can possibly devise. It is rather amusing to me to note how difficult it is for some gentlemen to maintain their consistency here in the support of this measure who, on January 4 last, when the proposition was up here to divert \$200,000,000 of the money in the United States Treasury raised by taxation or by the sale of bonds to the farm-loan banks of this country it was then argued in another body of this Congress and upon the floor of this House that the offering for sale of the farm-loan bonds at that time, when we were offering to sell liberty bonds, would be an unpatriotic act. It was stated that it would prevent the sale of liberty bonds; that it would increase the interest upon those bonds to allow these farm-loan bonds to be offered, especially at a higher rate of interest; and yet we find the same gentlemen to-day say that if you only give this corporation \$500,000,000 of the people's money it can throw upon the market \$2,000,000,000 of bonds other than liberty loan bonds, and I believe it is argued now it will stimulate the sale of lib-

erty bonds, even though bearing a higher rate of interest. When the gentleman from California [Mr. Hayes] made the statement that it would increase the interest of liberty bonds and cost this Government millions and millions of dollars more, these same gentlemen who made the argument January 4 last before this House scoffed at the remark. However, I will admit that something should be done possibly in this critical moment, but I rather agree with the gentleman from California. The gentleman from Pennsylvania [Mr. Moore] said that these agencies ought to be where the Federal reserve banks are located so that they could advise one another. The truth of the matter is you do not expect those \$2,000,000,000 of bonds to be sold to the general public. You expect this Federal Reserve System to raise this money. You have merely in an indirect way adopted the principle of the Aldrich-Vreeland Act. If I understand, you are going to allow men who can get enough credit to procure these bonds to bring all the old junk in the country to the extent of 133 per cent to go to a Federal reserve bank and receive currency on it. If that is what you wanted, why not amend the Federal reserve act? What is the use of having all this camouflage and these other agencies provided and this great expense upon the Treasury?

Mr. MADDEN. Will the gentleman yield?

Mr. SWITZER. I will.

Mr. MADDEN. Does the gentleman think that a thing worth 133 per cent would be classed as old junk?

Mr. SWITZER. No; if it is worth that, but it is just simply a question of value that is put upon it. It developed in the hearings that a railway system in Michigan—the matter was brought out before the Ways and Means Committee in the hearing that it did not have a franchise, and that is brought in here as evidence that this bill should become a law.

Mr. McCORMICK. Will the gentleman yield?

Mr. SWITZER. I will.

Mr. McCORMICK. Does the gentleman think these \$2,000,000,000 are going to be placed on the market at one time—all of them—as the gentleman indicated a moment ago?

Mr. SWITZER. I do not.

Mr. McCORMICK. That was the inference to be drawn from the gentleman's remarks.

Mr. SWITZER. If the report of the hearings is correct, as it has been stated here during the consideration of this bill, the danger is imminent that the bonds are going to be put out in large amounts; millions and millions of dollars will be thrown upon the market soon, and will be thrown upon the market at a time when we are trying to raise money by the sale of liberty bonds in order to prosecute the war.

Mr. BURNETT. Will the gentleman yield?

Mr. SWITZER. I will.

Mr. BURNETT. Is the gentleman going to vote for or against the bill?

Mr. SWITZER. I am not right sure. [Laughter.] I possibly may vote for the bill, but I would rather vote for a proposition that would so amend the Federal Reserve System as to allow this agency we created some years ago and which has now had a wide and broad experience to administer this act. I think it is better capable of doing it. I see no reason why these gentlemen should not administer it justly as wisely, and more wisely, than some new corporation you create here to meet the exigencies of the Government on the spur of the moment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SWITZER. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

Mr. KITCHIN. Mr. Chairman, reserving the right to object, and I am not going to object, I hope the gentleman, since he has been speaking on section 12 and we are on section 6, and five or six pages will have to be read before we reach that subject on which he is talking, that he will not talk any more than that time on it now.

Mr. SWITZER. I wish to say to the chairman of the Ways and Means Committee—

Mr. KITCHIN. The real point that I want to make is that just as soon as the gentleman finishes, let us get through with the vote on the amendment of the gentleman from Pennsylvania [Mr. Moore].

The CHAIRMAN. Is there objection to the gentleman from Ohio proceeding for two minutes more? [After a pause.] The Chair hears none.

Mr. SWITZER. I wish to say to the chairman of the Ways and Means Committee that I have been detained in my home on account of trouble with a tooth for the last 8 or 10 days, and I was not able to be here during the general debate except for a short time yesterday, and I had scarcely any time in general debate. And I was following a course of procedure for which a precedent had been set for me, and was delivering myself

of a few observations that I thought I would like to make to this body.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. SWITZER. Yes.

Mr. SMITH of Michigan. I have heard it stated here once or twice, and I heard you make a remark to that effect, that there is a railroad up in Michigan that has not any franchise. I wish to know whether or not you know about that?

Mr. STAFFORD. The gentleman from Michigan apparently is not acquainted with the franchise of the Detroit United Railways that controls the railway systems in the city of Detroit.

Mr. SMITH of Michigan. I deny that there is any railroad operating in Michigan without a franchise.

Mr. STAFFORD. The gentleman is not acquainted with conditions in his own State.

Mr. SWITZER. Now, while I am on my feet, I desire to recur to that old hobby that I have advanced here two or three times, and I want to ask the chairman of the Ways and Means Committee whether or not his committee is going to give any consideration to these people who are petitioning his committee to have the time extended for the payment of the excess-profit tax? I have people in my district who state to me, and they are just as loyal as the people in any district and are not seeking to avoid payment of the tax, that they want temporary relief.

Mr. SMITH of Michigan. We all have them.

Mr. KITCHIN. That is not pertinent to this bill. I will write the gentleman a letter about that. [Laughter.]

Mr. SWITZER. All right.

Mr. TREADWAY. Mr. Chairman, in view of the statement made by the gentleman from Ohio [Mr. SWITZER] in reference to the throwing of \$2,000,000,000 of bonds, or \$4,000,000,000, if that is the amount that will eventually be agreed upon—this bill calls for \$2,000,000,000 of bonds—upon the market, and floating subscriptions, and that sort of thing, it seems to me wise that the House should understand exactly what is expected to be done with those bonds. They are not to be sold in the general market in the ordinary sense that a man goes into an exchange and invests \$1,000 or \$2,000 in a bond. It is not the intention to have this bond a general marketable bond. As I understand it, the bond is to be used solely as collateral. It will have a marketable value not less than par as provided in the bill.

If a company or a bank comes to this newly established board and endeavors to secure a loan, that loan, not being in the form of cash, can be in the form of a bond, which later on the borrower can use as collateral to secure cash from, not a business transaction in the sense of the purchase or sale of a bond, as such is known in the general market.

Mr. SWITZER. Mr. Chairman, will the gentleman yield there?

Mr. TREADWAY. Yes.

Mr. SWITZER. The truth of the matter, then, is that you expect to raise this money from the Federal Reserve System by using these bonds as collateral?

Mr. TREADWAY. Not at all. The gentleman considers that that represents \$2,000,000,000 of cash. It does not. It simply represents \$2,000,000,000 of credit, which further can be used to a greater extent for credit through loans in the various banking channels of the country. It will not, as the gentleman conceives, tend to concentrate cash when we want to subscribe cash for liberty bonds, but it will make more credit and release money that can be used for liberty bonds, actual cash, whereas this is solely collateral. I think there is a very marked distinction between the idea that the gentleman has of this bond in the general bond market and the actual use that this bond will be put to.

Mr. SNELL. As I understand it, these bonds are not to be sold to individual investors?

Mr. TREADWAY. That is my understanding of it. I think the chairman of the committee will confirm it. They are not expected to be in the ordinary sense, as I endeavored to explain, a purchasable, marketable bond. It is, of course, expected that the bonds will be negotiable, and undoubtedly there will be sales from time to time.

Mr. SNELL. What, then, does the Secretary mean in his statement before the committee, when he says?—

The intervention of a corporation of this character, with its large capital, will provide the class of security which will appeal to the minds of even the most timid investors, and will naturally assist in converting what might become a dangerous bank expansion into a legitimate investment of free capital. Even though the corporation were not called upon to make any considerable advances itself, so that the issue of its own securities to a large extent might not be required, it has been the experience in Great Britain, and I believe it will be our experience also, that the restraint imposed upon unnecessary capital borrowings, through Government intervention such as is proposed, not only allays the fears of timid investors but stimulates a demand generally for issues of licensed securities. Such securities sell promptly and their distribution is general and effective. This again provides a check to unwise expansion of bank credits.

Mr. TREADWAY. That confirms exactly the idea I have of it—that the bonds can be used as collateral security for further loans in the local home banks by borrowers through this banking corporation.

Mr. SNELL. He further says, in substance, "This will stimulate a demand for general issues"—of this corporation, as I understand it.

Mr. TREADWAY. There is a difference between the bonds and the cash. Cash can be secured to the extent of \$500,000,000. That is the capital of this corporation. Then the bonds, as the gentleman of course understands, are an entirely separate thing.

Mr. SNELL. I would like to understand whether or not these bonds can be sold on the market.

Mr. TREADWAY. That is my understanding of it. I will be glad if the chairman will explain it, if I am in error. While the bonds will be negotiable, as I have stated, it is not expected they will be largely dealt in on the various exchanges.

Mr. KITCHIN. Mr. Chairman, if I understand the modus operandi of these bonds it is this: The borrowing institution will come to the corporation and say it wants a million dollars. The corporation has not the money, but it advances to this borrower a million dollars of its bonds and takes a secured note for the direct loan. Then this borrower takes the bonds to a bank and gets money on them. If the borrowing institution desires to do it, it can sell the bonds of the corporation to the investor and get the money in that way. Most of the loans will be made by advancing bonds of the corporation, and at the same time if the corporation desires money, and has use for actual money, it will sell to investors or to the banks.

Mr. McCORMICK. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. McCORMICK. Some of us are not clear on that. The corporation will issue bonds for what—the unsecured note?

Mr. KITCHIN. For the note with security.

Mr. McCORMICK. Then, the financial corporation lends its superior credit to the private corporation?

Mr. KITCHIN. Yes; that is right. And you must understand always that when the corporation makes a direct loan, such as the gentleman mentions—as the gentleman must comprehend the object of the bill clearly, and no doubt he does as clearly as I do—it means that under the provisions of the bill the borrower must put up its note, and, in addition, security amounting to 133 per cent of the amount advanced. For instance, if the Dupont Powder Co., for example, wanted to borrow \$10,000,000, and the corporation did not have the money, the corporation would issue \$10,000,000 worth of its bonds. The Duponts would give the corporation their note for \$10,000,000, and, in addition to that, security amounting in value to 133 per cent of the amount advanced.

Mr. McCORMICK. The chairman of the committee has made very clear that operation. Will he not make equally plain, in as few words, the operation when the private corporation applies through the bank?

Mr. KITCHIN. When the private firm or individual applies through the bank, one of the methods of procedure under section 7 will be as follows: The bank will make a loan to the industry contributing to the prosecution of the war. The bank will then bring the note of the borrower to the War Finance Corporation, together with all the security which the bank holds as collateral for such note. The bank will give its note to the War Finance Corporation, secured by the note and security of the borrower, and receive from the corporation an advance equal to 75 per cent of the loan made by the bank to the borrower. The advance may be in money or in the bonds of the corporation.

Mr. SNELL. Is it understood that these bonds will be listed and dealt in as are liberty bonds and other bonds?

Mr. KITCHIN. Oh, no.

Mr. STERLING of Illinois. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. STERLING of Illinois. If the gentleman has correctly stated the modus operandi, as he puts it, it is a little different from my standpoint. I do think the business will be carried on largely as the gentleman suggests, but this corporation can go on the market and sell these bonds wherever it can find purchasers?

Mr. KITCHIN. Yes. The corporation has got the power under this bill to sell its bonds or to dispose of them in any way it sees fit.

Mr. STERLING of Illinois. That is what I was trying to get at.

Mr. KITCHIN. When the corporation needs money it can put the bonds on the market, or sell them to an investor. But I think it was illustrated by Mr. Warburg in his testimony by practically the illustration I gave a while ago, without men-

tioning his name, that the large part of the business is contemplated to be done by advancing the bonds of the corporation.

Mr. SNELL. Then if it is possible to sell them, they will probably be listed on the stock exchange?

Mr. KITCHIN. Yes. They have that power.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KITCHIN. Mr. Chairman, I ask unanimous consent for two minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. KITCHIN. I imagine that they are going to sell some on the market, because they must have some money in addition to the \$500,000,000 of capital stock after they are in operation a year or two.

They may sell bonds either publicly or privately, but it is provided that they must sell them for not less than par.

Mr. SNELL. He says:

Such securities sell promptly and their distribution is general and effective.

I should think from that that he intended to distribute them among general investors.

Mr. GARNER. Oh, surely.

Mr. KITCHIN. In every way.

Mr. SNELL. Then Mr. TREADWAY's position that they are not for sale is incorrect?

Mr. KITCHIN. Mr. TREADWAY, as I understood him to intend to convey to the House, said it is contemplated that the larger part of their business will not be selling the bonds and getting the money and loaning the money direct, but in advancing these bonds. Mr. Warburg said that, too. But they can do just exactly what the gentleman says, and sometimes they will do it. Whichever way they think is necessary or wiser to take care of the war industries they will pursue. They have the power to do it in either way.

Mr. PLATT. Since we are talking about section 12, that provision in section 12 that they may be offered for sale publicly, and so forth, does the gentleman regard that as vital to the bill? Why not strike it out?

Mr. KITCHIN. I think they ought to have authority to sell privately or publicly, just so they are sold not below par.

Mr. PLATT. They can put the rate of interest high enough to sell them at par.

Mr. KITCHIN. I expect that many individual investors will buy them, just like they buy liberty bonds.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The pro forma amendment is withdrawn. The question is on the amendment proposed by the gentleman from Pennsylvania [Mr. MOORE].

Mr. MOORE of Pennsylvania. I ask that the amendment be read again, since the discussion has taken a different range.

The CHAIRMAN. Without objection, the amendment will be reported again.

The Clerk read as follows:

Amendment offered by Mr. MOORE of Pennsylvania: Page 4, lines 22 and 23, after the words "offices in," in line 22, strike out the words "any city or cities of the United States" and insert the words "such cities as have been designated as Federal reserve cities."

Mr. MOORE of Pennsylvania. So that it will read—

The Clerk read as follows:

So that the section as amended will read:

"Sec. 5. That the principal offices of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in such cities as have been designated as Federal reserve cities, under rules and regulations prescribed by the board of directors."

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Pennsylvania [Mr. MOORE].

The question was taken; and on a division (demanded by Mr. MOORE of Pennsylvania) there were—ayes 8, noes 41.

Accordingly the amendment was rejected.

Mr. PLATT. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PLATT: Page 4, line 21, strike out the words "District of Columbia" and insert "city of New York."

Mr. PLATT. Mr. Chairman, this is a great financial institution, a tremendous bank of banks. There is no good reason why it should be located in the city of Washington, which is already overcrowded, and which is not nearly as accessible a place as the city of New York. It should be located at the financial center of the country, where all great financial enterprises obtain their capital. There is no reason why it should be in the District of Columbia, except that the Secretary of the Treasury is chairman of the board of directors, and he is in New York almost as much as he is in Washington. When the directors meet he

could just as well attend a meeting in New York as here. Business men from all over the United States will be coming here and overcrowding the hotels, trying to get accommodations from this corporation, which ought to be located in the financial center of the country, New York City. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. PLATT].

The question being taken, the amendment was rejected.

The Clerk read as follows:

Sec. 6. That the corporation shall be empowered and authorized to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the prosecution of its business; to sue and be sued; to complain and defend in any court of competent jurisdiction; to appoint, by its board of directors, and fix the compensation of such officers, employees, attorneys, and agents as are necessary for the transaction of the business of the corporation, to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

Mr. WOOD of Indiana. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WOOD of Indiana: Page 5, line 13, after the word "directors," strike out the words "subject to the approval of the Secretary of the Treasury."

Mr. WOOD of Indiana. Mr. Chairman, if this section is permitted to remain in this bill not a single by-law can be framed, adopted, amended, or repealed without the sanction of the Secretary of the Treasury. Not a single duty can be prescribed for any officer or agent without the sanction of the Secretary of the Treasury. I do not believe it is essential that this language should remain in this section. I believe it would be infinitely better to leave out this language, for there is nothing peculiarly within the knowledge of the Secretary of the Treasury that warrants him in having any more to do with the framing and prescribing of the by-laws, or under the by-laws prescribing the powers and duties of the officers or agents, than of the other four men who are on this directorate with him. The gentleman from Ohio this morning stated that there were but three places in this bill now remaining where it provided that such and such action should be taken with the approval of the Secretary of the Treasury. There are four places, this being the first one. In my opinion these words should be eliminated, for there is no reason why these other gentlemen who are selected as members of this directorate should not have as much voice in framing and prescribing or in amending or repealing the by-laws for the conduct of the prudential affairs of this corporation as the Secretary of the Treasury himself. There is no more reason why the Secretary of the Treasury should have supreme power in prescribing and declaring what shall be the duties of the individual officer than any other director should have, and it occurs to me that if this corporation is in fact to be conducted as other corporations are conducted in the United States, this language should be eliminated, for it destroys the very character of a corporation when you are placing all the power with reference to the formation of it and the conduct of its prudential affairs, with reference to the finding and prescribing the duties that its agents are to perform, in the hands of one man. I think it would be infinitely better if this language were stricken out, and it would tend to strengthen rather than weaken the bill.

Mr. SMITH of Michigan. If this amendment is adopted and those words are stricken out, the Secretary of the Treasury will still be on the board of directors and will have a voice.

Mr. WOOD of Indiana. Absolutely; and he will bring to the board all the peculiar knowledge that he has by reason of his office. Further, all the other directors, who will be selected by reason of their business prominence and vast experience, should have a voice in the determination of these matters. If they do not, of what consequence are they as directors? What will all their ability and business experience avail if they are permitted to have no voice in framing the by-laws for the control of the prudential affairs of this corporation?

Mr. FESS. Will the gentleman yield?

Mr. WOOD of Indiana. I will.

Mr. FESS. In the creation of the board the principle was that each member should be coordinate; that the Secretary of the Treasury should not be superior to any member of the board, but equal to him. Does not this make them in a sense subordinate to the Secretary of the Treasury, if your amendment is not adopted?

Mr. WOOD of Indiana. Absolutely; it occurs to me that it takes the virtue out of the bill so far as having the combined

experience of men who are to act for the good and common weal of the Nation is concerned. So I say if this is to be a representative corporation, as corporations are supposed to be representative, then this language should go out.

Mr. STERLING of Illinois. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. STERLING of Illinois. I want to ask the gentleman a question and submit a suggestion. I agree with the gentleman in this proposition. It seems to me that if the Secretary of the Treasury has the approval of the by-laws he has absolute domination over the corporation. If he can make the by-laws, he can control the corporation. It seems to me that way, and I presume it does to the gentleman from Indiana.

Mr. WOOD of Indiana. That is my idea. I am offering it for the good of the bill, for I believe that gentlemen are trying to get the best possible bill to do this emergency work, and especially, if it is to inspire confidence in the people, it is because of the fact that it is made up of a number of gentlemen whose combined wisdom they are looking to instead of one man. I care not how wise that one man may be, he may lack in the special knowledge that would be of consequence to the framing of by-laws or prescribing the duties of men, which peculiar knowledge another director may have. There should be no dummies on this board, and no one should have autocratic power over it.

Mr. MOORE of Pennsylvania. Mr. Chairman, I rise in opposition to the amendment. This is a case in which I can not agree with my colleague from Indiana. The committee did what it could to limit the power of the Secretary of the Treasury over this board. It limited his power with respect to financial transactions generally, but in this instance the committee felt that it was proper that the Secretary of the Treasury should be consulted. For instance, it is provided that the Secretary of the Treasury shall be consulted as to "by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents."

Why not? Why should not the Secretary of the Treasury have submitted to him for approval, he being the representative of the United States, the by-laws governing the corporation in which we are placing \$500,000,000 of the people's money?

Mr. WOOD of Indiana. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. WOOD of Indiana. Would not the by-laws be submitted to the Secretary of the Treasury as a member of this board?

Mr. MOORE of Pennsylvania. Yes; and as such he would have a voice in them, but as Secretary of the Treasury of the United States, the direct representative of the Government on this board, he should have the right to say whether the rules and regulations of this corporation conflict with the interests of the United States, which has \$500,000,000 invested here.

Mr. WOOD of Indiana. Another question. What purpose would the other four directors serve?

Mr. MOORE of Pennsylvania. They can prepare the by-laws, work under them, and agree with the Secretary as to the business to be done. [Laughter.]

Mr. GORDON. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. GORDON. Is it not a fact that the Government of the United States is the only person or corporation financially interested in this corporation?

Mr. MOORE of Pennsylvania. Up to date; yes.

Mr. GORDON. Is not the Secretary of the Treasury the only official on the board that is in any way responsible?

Mr. MOORE of Pennsylvania. That is true, as to Treasury money; but all will be responsible.

Mr. STERLING of Illinois. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. STERLING of Illinois. I submit to the gentleman whether it is true that the Secretary of the Treasury is the only official that has any responsibility for this corporation. If we left the bill as it originally came to us, he would be the only man that had any responsibility in connection with it. But let me submit this in reference to the gentleman's amendment: It would be a proper subject of the by-laws to determine where these branch offices should go, what cities they should be placed in, how many cities should have branch offices—would it be better to leave that to the Secretary of the Treasury alone, and if we do leave the by-laws subject to the approval of the Secretary of the Treasury he can determine just where these branch agencies shall go? As an illustration, would the gentleman say that the Secretary of the Treasury alone and not other members of the board should have the decision of determining where they should go?

Mr. MOORE of Pennsylvania. I will answer by asking the gentleman this question: Would the gentleman vote for a provision in the bill to give the four men on this board the right to adopt and put into effect regulations for the expenditure of this money in spite of the Secretary of the Treasury; would the gentleman do that?

Mr. STERLING of Illinois. The gentleman in his statement goes right back—

Mr. MOORE of Pennsylvania. To the very marrow of the matter.

Mr. STERLING of Illinois. Goes back to the question of whether you are going to make the Secretary of the Treasury the whole thing in this corporation. I say no; that the Secretary of the Treasury should not have the sole voice in it.

Mr. MOORE of Pennsylvania. I realize that there are some gentlemen who do not want the Secretary to have too much power. I am one of them. There are many gentlemen on this side who do not approve of the great grant of power thus far given to the present Secretary of the Treasury. But I am looking at this proposition as one who penetrates the future. There may be other Secretaries of the Treasury. There is no political meaning in that. But no matter who the Secretary of the Treasury is, he is the custodian of the funds of the Government. He holds the purse strings; he is the man whom we hold responsible for the money which we collect and which we appropriate, and I do not care to put it in the power of five men, of whom he is one only, to enact rules and regulations for the expenditure of money appropriated to an independent corporation that may run counter to the United States Treasury.

Mr. ROBBINS. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. ROBBINS. Will the gentleman cite any corporation, private or public, where the power to make by-laws is vested in one man, when there is a directorate of five men, all of whom are appointed with equal power, but with no power to make by-laws?

Mr. MOORE of Pennsylvania. Yes.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MOORE of Pennsylvania. I can point to J. P. Morgan & Co. I suggest that nobody in that corporation would appropriate large sums of money or make any large contracts without the approval of J. P. Morgan, the head of the concern. I will point to the great Pennsylvania Railroad Co., and suggest that the board of directors, nor any combination of the board of directors, would undertake to do vital business of that road without the approval of Samuel Rea, president of the company. I will point to various other institutions where big business would not be done without the approval of the head of the concern.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. LITTLE. Is it not a fact that the Secretary of the Treasury has so many duties that he never in the world would be able to have anything to do with the making of these by-laws, and that somebody else would make them?

Mr. MOORE of Pennsylvania. That is a popular impression with respect to the Secretary of the Treasury.

Mr. LITTLE. If that is true, why had we not better designate the person who is going to do it instead of putting it up to a dummy figure?

Mr. MOORE of Pennsylvania. Mr. McAdoo is not a dummy.

Mr. LITTLE. Is he not in this?

Mr. MOORE of Pennsylvania. I am not boosting Mr. McAdoo, but I would admonish the gentleman that Secretary McAdoo is no dummy. Anybody who picks up Mr. McAdoo for a dummy will drop him like a red-hot poker.

Mr. LITTLE. Is it not a fact that in this business he will be a mere figurehead?

Mr. MOORE of Pennsylvania. I do not think the Secretary of the Treasury could be regarded as a figurehead; he is a pretty live wire.

Mr. LITTLE. I am asking the question for information.

Mr. MOORE of Pennsylvania. And I am not boosting the Secretary of the Treasury, either.

Mr. LITTLE. I concede that he is, as you say, a wise man. I was not looking for information on that. I am posted on that myself. [Laughter.]

Mr. MOORE of Pennsylvania. The gentleman led up to it unconsciously; that is all.

Mr. LITTLE. What I am trying to get at is this: Is it not a fact that he has so many other duties that when it comes to writing these by-laws he will not have more to do with it than you or I?

Mr. MOORE of Pennsylvania. Even so, he is still the Secretary of the Treasury of the United States.

Mr. LITTLE. Is not that job enough for any man on earth, anyway?

Mr. MOORE of Pennsylvania. It certainly is. The Secretary has plenty to do, and I am not sure he is hunting trouble. He has plenty to do, but he is not disassociated from the Treasury of the United States. He is still in control there.

Mr. SNYDER. I would like to say to the gentleman that the Secretary of the Treasury is the healthiest looking overworked man that I ever saw.

Mr. MOORE of Pennsylvania. That was verified by a critical observation of the gentleman before the Committee on Ways and Means.

Mr. GORDON. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. GORDON. Who is the sole and only stockholder in this corporation that you are talking about?

Mr. MOORE of Pennsylvania. Does the gentleman mean the Morgan concern?

Mr. GORDON. No; I mean the War Finance Corporation.

Mr. MOORE of Pennsylvania. I was thinking of the great law firm of Gordon & Black, of Cleveland, Ohio, and I was wondering whether, Mr. Black being dead, Mr. Gordon would not have to be consulted before any business is done. [Laughter.]

Mr. GORDON. Is it not a fact that the Government of the United States is the sole stockholder in this corporation?

Mr. MOORE of Pennsylvania. Exactly. The gentleman is right, as the gentleman frequently is. The United States has an investment of \$500,000,000 in this corporation, and that is all the money there is in it at the present time. There is to be no more money except such money as is raised upon the strength and credit of that \$500,000,000, and that money has got to come out of the Treasury—not all at once. I want Mr. McAdoo, the Secretary of the Treasury, to check that out carefully. I do not care to have four other men dictate to him that they shall have \$500,000,000 all at once, when they may not need more than \$100,000,000.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. MEEKER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one minute more in order to ask him a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MEEKER. I would like to ask the gentleman a question: That being the case, why the other four directors?

Mr. MOORE of Pennsylvania. Because Mr. McAdoo could not attend to the details of this business, and the judgment of the four other directors will be highly important and extremely valuable in the conduct of the business. They are to be experienced men to advise with the Secretary of the Treasury, if need be. They will give hearings to individuals and concerns desiring loans and attend to other matters. The whole thing is this: Do you propose to give \$500,000,000 of public money in a lump sum to four gentlemen constituting an independent corporation and say they shall not consult the Secretary of the Treasury? And if the Secretary of the Treasury says they do not need \$500,000,000 in a lump sum, but only \$100,000,000, so far as the Treasury interests are concerned, do you mean to say you will vote to give \$400,000,000 additional to this corporation, a private corporation, in spite of the recommendation of the Secretary of the Treasury? I do not propose to do it. I would put this additional check upon the Treasury of the United States—

The CHAIRMAN. The time of the gentleman has again expired.

Mr. LITTLE. Mr. Chairman, I ask that the gentleman be given one minute. I would like to ask him a question. I will ask for a minute myself in order to ask the question.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. LITTLE. The gentleman from Pennsylvania is on the Committee on Ways and Means, and, of course, he is posted as to this bill. He has just said that Mr. McAdoo would not attend to the details of this business. Just what is he actually going to attend to in reference to this business?

Mr. MOORE of Pennsylvania. If the gentleman will read the bill carefully—

Mr. LITTLE. I have.

Mr. MOORE of Pennsylvania. The gentleman will observe that, as a member of the corporation, Mr. McAdoo will be required to join with his fellow incorporators in the conduct of this business. It is patent that he can not attend to all the details; but, from my point of view, they are going to transact big business, and the Secretary of the Treasury should know about it.

Mr. LITTLE. Just what is he going to do?

Mr. MOORE of Pennsylvania. If the gentleman will read the bill—

Mr. LITTLE. I have read it. But he is not going to attend to it in detail. The gentleman has dismissed him from attending to a large part of such details—

Mr. MOORE of Pennsylvania. If somebody comes from Kansas City, Kans., desiring a loan, and the board is in session, they will consult with the board without it being necessary for Mr. McAdoo to be present. And—

Mr. LITTLE. That is the information I want to get.

Mr. MOORE of Pennsylvania. And, I presume, that board, if it proposed to lend a city like Kansas City, Kans., so large an amount as \$100,000,000, would first consult Mr. McAdoo before making him pay over the money.

Mr. LITTLE. I do not know; they borrow a great many millions there—the big packers and millers.

Mr. MOORE of Pennsylvania. It is a great city, and they are great borrowers. We will admit that.

Mr. LONGWORTH. Mr. Chairman, just a word in opposition to the amendment offered by the gentleman from Indiana. As I stated this morning, the bill as originally submitted to the committee contained the words "with the approval of the Secretary of the Treasury," as I recollect it, about 17 times. Thus this board could do absolutely nothing except with the approval of the Secretary of the Treasury; in other words, he had the absolute veto over any action this board might take.

Mr. STERLING of Illinois. Will the gentleman yield for one question?

Mr. LONGWORTH. I will.

Mr. STERLING of Illinois. Now, this gives him power to approve or disapprove the by-laws. Does not the gentleman from Ohio think that the striking out of that clause in this bill in the other 16 places is of very little importance unless we strike it out in this?

Mr. LONGWORTH. No.

Mr. STERLING of Illinois. Because this gives him absolute control over this corporation. He can approve the by-laws under this provision, and when he has done that he has determined the entire policy and the entire method under which this corporation shall operate.

Mr. LONGWORTH. Well, I can not quite agree with my colleague. My mind has been running in this way: I do not believe that any human being—I have the highest regard for Mr. McAdoo; if it had been a Republican Secretary of the Treasury with this new machinery to be given into his charge I would have thought the same—I do not believe that any human being ought to have the power of absolute veto, particularly in cases where it involves the use of his judgment as to the advance of credit to this man or the withholding it from that man. So, after much consultation in the committee, we came to this sort of general understanding, that where it was a case of determining a fixed line of policy the Secretary of the Treasury ought to lend his approval to that policy. This machine, while apart theoretically from the Treasury Department, is nevertheless intimately interwoven with it in its various functions. In the question, for instance, of determination of interest on these bonds to be issued by the corporation, it seemed to us that the Secretary of the Treasury ought to lend his approval to the rate of interest in order that the issues of those bonds might not conflict or be in competition with issues of liberty bonds and other obligations of the United States. For that reason we left it as it is. Now, this particular section simply applies to by-laws laying down a general policy to be pursued by this corporation.

Mr. GREEN of Iowa. Will the gentleman yield right there?

Mr. LONGWORTH. Yes.

Mr. GREEN of Iowa. I think right there my friend inadvertently misquotes. The by-laws hardly go so far as to confer any power; in fact, on the contrary, they do not relate to powers at all, hence it would be somewhat doubtful whether they would really pertain to the policy of this corporation. They would regulate the manner of the meeting and the calling of the meeting, the time and places when they should act and the manner of bringing up motions and all that referred to the manner of carrying on the business, but not to powers conferred or powers to be exercised.

Mr. LONGWORTH. Well, I can not read this provision in any other way than merely a provision determining the general policy to be pursued by these directors. Here is the provision:

And to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

I can see no danger in giving the Secretary of the Treasury the power of veto over any set of by-laws which, in his judgment, might be prejudicial to the interests of the Treasury of the United States.

Mr. SLOAN. Mr. Chairman, this provision was one of the provisions that was left open for the free action of the members of the committee to oppose on the floor of the House. I think probably a large majority of the Members of this House or this committee at different times have drafted by-laws for corporations. I think it is very simple here to see just what we are doing. We have organized, if this becomes a law, a great corporation, and the first thing to do is to say who will manage the corporation. Now, the management is vested by this law, which will be the charter of the corporation, as provided in section 3, and is as follows:

That the management of the corporation shall be vested in a board of directors—

Consisting of whom?—

consisting of the Secretary of the Treasury, who shall be chairman of the board, and four other persons.

The only difference in the grant of power to control is that one of these five is especially designated as chairman. Now, then, if we intend to say that this shall be given to the control of one man, and that four individuals shall be granted unto him as mere company and as a matter of entertainment during the meetings of the board of directors, it ought to be left as it is. But the management is given to these five men with apparent coordinate and equal powers, except the chairmanship being given to one. We come to section 6, where it says:

That the corporation shall be empowered—

And so on, and down to where the amendment of the gentleman from Indiana comes in, where it says:

and to prescribe, amend, and repeal, by its board of directors.

In other words, when this corporation is organized, before it can do any business, before it can hold a meeting, before the meeting can be conducted, before any determination can be taken with reference to any business whatever, the by-laws must be presented, must be prescribed, as it were. These four men, each a \$12,000 man, equal in salary to the Secretary of the Treasury, equal in integrity, equal in ability, as managers of that bank, come in and agree that they shall hold their regular meeting on Wednesdays. The Secretary of the Treasury says, "No. Wednesday is 'meetless' day; we will not meet on that day." They say, "Then we will meet on Saturday." "No," says the Secretary; "we will not meet on Saturday, as that is also 'meetless.'" And so for the whole week. And it is within his power to say that there shall not be a meeting day fixed by this corporation. Then, coming to the question of when they should pass upon their loans, there ought to be rules and regulations for that. They present the most reasonable rules, and four of them say, "It is reasonable that the loans should be considered; lay them over for one week and investigate them by the committee." No; that can not be done, because the Secretary of the Treasury under this says you shall not consider loans.

Mr. McCORMICK. Then, what is the purpose of making the Secretary a member of the board?

Mr. SLOAN. So that he may be one member of the board, and not the board.

Mr. McCORMICK. And regularly in attendance at meetings.

Mr. SLOAN. The difference is simply this: We want to make him a member of the board. The gentleman from Pennsylvania [Mr. Moore] wants to make him the board. I think that distinction is clear.

Mr. PLATT. Would the gentleman say no loans could be made on porkless day?

Mr. SLOAN. No. I will simply confine myself to "meating" the question. This corporation is to be at Washington, not at Hog Island. The section says, "subject to the approval of the Secretary of the Treasury." That means now, for instance, if they would start out, all in good humor, and agree upon a set of by-laws under which they would be permitted to dispose of the \$500,000,000 of capital of this corporation, and suppose things should go not so well, and they find they ought to amend it. They could meet on another day and adopt another order of business, and a rule for shorter terms, better security, and greater care of securities. However imperative the necessity for amendment, the four members would be powerless over the

objection of one member who happened to be chairman under the law.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SLOAN. Mr. Chairman, I ask unanimous consent that I may have five minutes longer.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. GORDON. May I interrupt the gentleman at that point?

Mr. SLOAN. The gentleman may.

Mr. GORDON. I wanted to ask the gentleman if he were to invest \$500,000,000 in a corporation such as this, and nobody else was putting in the money, would he not feel that he would like to have the final say as to by-laws?

Mr. SLOAN. But this is not the money of the Secretary of the Treasury. This is the money of the people of the United States.

Mr. GORDON. Oh, no; the Government of the United States.

Mr. SLOAN. And the Congress of the United States, acting for the people of the United States, takes this \$500,000,000 and places it not under the control of the Secretary of the Treasury but under the control of five men, every one of them as good a man as the Secretary of the Treasury, and each one with the same authority. And those five men, with equal responsibility, should be allowed to be coequal in the conduct of affairs.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. SLOAN. I will be pleased to do so.

Mr. MOORE of Pennsylvania. I think the gentleman misinterpreted me a moment ago when he said that I wanted the Secretary to be the board. And I call the gentleman's attention to section 2, where it is provided that this appropriation of \$500,000,000 shall be available at such time or times as may be deemed advisable, and only with the approval of the Secretary of the Treasury. Does not that illustrate what I was trying to say, that the Secretary of the Treasury should be consulted as to the rules. Because the appropriation is not to be available at once, and should not be available in lump until the Secretary of the Treasury approves.

Mr. SLOAN. I agree that the Secretary of the Treasury should be consulted. Each of the other four should be equally consulted. But it is not a consultation that is granted to him. It is giving him absolute, arbitrary power instead of a consultation. If these by-laws for any reason need amending, four members are absolutely powerless.

Mr. LONGWORTH. Will the gentleman yield?

Mr. SLOAN. I will.

Mr. LONGWORTH. Does not my colleague draw any distinction between the power of approval of a set of regulations that have been drafted and the power of the original draft of those regulations? The gentleman states that the Secretary of the Treasury is so powerful; that therefore he prescribes the rules and regulations, whereas all this does is to require his approval of a set of regulations drafted by the others.

Mr. SLOAN. Why, the law says one of five managers, when a proposition is presented to him by a majority, will have the power to say, "I will not accept it." We grant this power to these five men. You practically take it away from four entirely and invest it in the fifth man. I quite agree with the gentleman—I have forgotten who it was—that it was practically bootless to have taken away the discretion of the Secretary of the Treasury in these 14 or 15 places and leave it here from the beginning in his power and discretion to say, first, that there should or should not be any by-laws adopted. That if he should consent to the adoption of a set of by-laws they would become as the laws of the Medes and Persians, which change not. And if a by-law controlling the business of the corporation were adopted, however obnoxious it might be to the business of the country, or however much it might obstruct the business of this corporation, four members of that directorate could not compel its amendment. It gives absolute power to the Secretary of the Treasury to lay down the manner and plan of conducting the business.

Gentlemen seem to confuse this with the idea that the Secretary of the Treasury is the one person who is in control of this \$500,000,000 because it is the property of the United States. The Secretary of the Treasury is not in control nor is he entitled to the custody of the property of the United States. The large majority of the property of the United States he never saw. A large majority of the property of the United States he never will see and will never have possession or control of. As Secretary of the Treasury he has no more control of the money placed in this corporation than he would have of a United States battleship paid for out of the United States Treasury or of the Virgin Islands for which the Treasury paid \$25,000,000.

The CHAIRMAN. The time of the gentleman from Nebraska has again expired.

Mr. GREEN of Iowa. Mr. Chairman, with all deference to my friend from Nebraska [Mr. SLOAN], with whom I usually agree, it seems to me that this is a case of "much ado about nothing," and arises entirely from a mistake as to what these particular provisions apply. These provisions have nothing to do with what loans shall be made or who shall receive the loans. Those are covered by other paragraphs of the bill. They do not pertain to the amount which shall be approved. All these matters are to be determined by the whole board of directors, without the approval of the Secretary of the Treasury. In short it has nothing to do with the powers which are to be exercised by this board. It does not in any way limit them or expand them, and the only power it confers on the Secretary of the Treasury is to say, as my friend indicated—he might desire that the board should not meet on Wednesday, or he prefer that they should meet on Saturday.

What extraordinary power is that? What does that amount to? He might say that the order of procedure of business should be such and such. What difference does that make? It pertains only to the manner in which the business shall be transacted, the plans for which must be presented to him for his approval.

My own idea is, as suggested by the gentleman from Kansas [Mr. LITTLE] in this connection, that he probably never will draft these regulations at all; that they will be submitted to him for the purpose of ascertaining whether they agree with his convenience or with the convenience of his office in connection with the other business that he must transact. These additional powers here amount to nothing except as they relate to the manner of the transaction of the business.

Mr. FESS. Mr. Chairman, will the gentleman yield there?

Mr. GREEN of Iowa. Yes.

Mr. FESS. In reading section 6 I thought originally that the approval of the Secretary had to go to all the orders included in the paragraph. In rereading it it seems to apply to lines 12 and 13.

Mr. GREEN of Iowa. I think the gentleman has on the rereading come to the correct conclusion and the only conclusion that can properly be drawn. Of course, if it applied to all the powers and privileges that are covered by this paragraph, it would be very different, but I can not see how that construction can possibly be put upon it.

Mr. FESS. If it is limited to that, it would not give to the Secretary the power to dominate the board in all matters.

Mr. GREEN of Iowa. No; it would not.

Mr. WINSLOW. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. WINSLOW. I would like to ask the gentleman if my interpretation, as I shall state it, is correct?

Mr. GREEN of Iowa. Very well.

Mr. WINSLOW. Assuming that the five directors adopt by-laws, and so forth, is it not a fact that, at a later time, if four of them should feel that the by-laws were insufficient and ought to be modified, regardless of their unanimous opinion, the one member could check the amendment or repeal of the whole or a part of the by-laws?

Mr. GREEN of Iowa. The gentleman is correct about that. But, as I said before, that relates only to the time and manner in which the business shall be transacted and not to the business itself.

Mr. WINSLOW. To stick to the point at issue, is it not a fact that the by-laws, when once adopted, can never be amended or repealed unless one man against the other four, if he happens to feel that way, agrees to it?

Mr. GREEN of Iowa. Yes. They could not even be adopted without his assent, but that does not show that the matter is of any importance.

Mr. WINSLOW. Now, under section 3, if this bill passes and that section stands, we shall have five men designated by this act to run the affairs of that \$500,000,000 corporation, and has not every one of those five as much responsibility and as much accountability to the Government of this country as any other one?

Mr. GREEN of Iowa. That is perfectly true. But what responsibility attaches to the question of whether or not the board shall meet on Wednesday or Friday? Or what responsibility attaches to it as to whether the order of business shall be, first, the reading of the minutes, or something else?

Mr. WINSLOW. I do not think there is any responsibility as to that.

Mr. GREEN of Iowa. That is all that this provision pertains to. The matter is of no importance except that it makes the transaction of business subject to the convenience of the Secretary and the other demands on his time.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. SLOAN. Mr. Chairman, I ask that the gentleman be given three minutes more. I want to ask him a question.

Mr. CANNON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. CANNON. Mr. Chairman, it seems to me that there is no trouble about this bill, if I understand it. I read from section 3:

The management shall be vested in a board of directors.

Who are the directors? The Secretary of the Treasury is one and four are to be appointed.

Now, if you will turn clear through the bill, you will see under section 7 that "the corporation shall be empowered and authorized to make advances on such terms, not inconsistent herewith, as it may prescribe." The Secretary of the Treasury can not make any advances.

Mr. WOOD of Indiana. Read section 6, the last half of it.

Mr. CANNON. I will read section 6, page 5:

That the corporation shall be empowered and authorized to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the prosecution of its business; to sue and be sued; to complain and defend in any court of competent jurisdiction; to appoint, by its board of directors, and fix the compensation of such officers, employees, attorneys, and agents as are necessary for the transaction of the business of the corporation, to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

Now, that is merely to provide as to its general business, its days of meeting, and so forth. Does the gentleman claim that you can make a by-law that will nullify the corporation? If you can, then one of two things ought to be done, or there is but one thing that ought to be done: If the by-laws can overcome all these different sections where the corporation has power to turn down the Secretary of the Treasury, then you had better, if you want to give supreme power to the Secretary of the Treasury, discharge and cut out of the bill these four unnecessary people.

Mr. WOOD of Indiana. Mr. Chairman, will the gentleman submit to a question?

Mr. CANNON. Certainly.

Mr. WOOD of Indiana. If that is all the purpose, then why should the approval of the Secretary of the Treasury be so important with reference to the adoption of the by-laws?

Mr. CANNON. I do not think it is of the slightest importance whether he approves them or not.

There are to be five directors. So far as the by-laws are concerned, they can not be made to conflict with the law, and the law declares all through it that the corporation shall tell when and to whom advances shall be made. It seems to me that we are quarreling about a thing here that does not amount to anything.

Mr. WOOD of Indiana. Does not the gentleman think it is of some importance, when this very section provides that these by-laws shall prescribe the powers and duties of the officers?

Mr. CANNON. As against a positive provision of the law?

Mr. WOOD of Indiana. You must read these different sections together. This section is the one that limits the other sections with reference to fixing the powers of the agents and officers; and under the by-laws that can only be done with the approval of the Secretary of the Treasury, and not a single duty of a single officer can be delegated to him without the approval of the Secretary of the Treasury.

Mr. CANNON. Why, the law itself—

Mr. WOOD of Indiana. That section is the law.

Mr. CANNON. The law itself determines what the corporation shall do.

Mr. WOOD of Indiana. That section is the law with reference to that.

Mr. CANNON. Even if the gentleman were correct, the whole act would be construed together.

Mr. WOOD of Indiana. That is what I am asking the gentleman to do.

Mr. CANNON. The whole act must be construed together, and I would be glad to know what members of the committee intended when they said that the corporation shall be empowered and authorized to make advances from time to time, and that the corporation shall be empowered and authorized in exceptional cases to make advances directly to any person, and so on, clear through.

Mr. HELM. Mr. Chairman, will the gentleman yield?

Mr. CANNON. Yes.

Mr. HELM. It is an old saying, and I think it has its applicability in this case, that a stream can not rise higher than its source. In other words, no by-law that this board can pass can be of superior force or repeal or affect in any way the powers conferred on anyone by an act of Congress.

Mr. CANNON. I quite agree with the gentleman in that. If the Secretary of the Treasury, without action by the corporation, which means three of the directors for a quorum, should authorize an advance you could go into any court and enjoin the advance. I have no doubt about that as a legal proposition.

Mr. HELM. In other words, the by-laws can not exceed the powers conferred by this act.

Mr. CANNON. Precisely. That is the way it seems to me.

Mr. EMERSON. Mr. Chairman and gentlemen of the committee, I intend to vote for this bill, and I do not intend to vote for any amendments unless the same are recommended by the committee reporting this bill.

I have voted for all the war measures recommended by the administration, and intend to do so until this war is fought through to a successful conclusion. It is the only way to win this war. I consider this bill a part of a scheme for the successful prosecution of this war, and it should be supported and will be supported by a great majority of the Members of this House.

This bill is recommended by the great Ways and Means Committee of this House, and I must confess that some of the ablest Members of this House are on that committee. It is their judgment as to what is best under the circumstances.

We will hold the President responsible if this war ends disastrously to this country. We look to him as our constitutional leader in this great conflict.

We should give such power, authority, and means as are necessary to carry on this war efficiently and successfully.

There have been some measures before this House that I did not feel were necessary, but I felt that perhaps those higher up, who were in possession of more information than I, knew better what to do and what was best for the country.

As a Member of this House, I want to do what is best for my country in this crisis, and I am not here to set up my opinions against the combined opinion of any committee that recommends legislation here. I might feel that my ideas were better, but I am willing to yield my personal views on many matters to the combined judgment of this House, or to the President and his Cabinet.

I have on numerous occasions paid my respects to the distinguished chairman of the committee, Mr. KITCHIN, and alongside of him I place the gentleman from Pennsylvania [Mr. MOORE] and the gentleman from my own State [Mr. LONGWORTH]. [Applause.] As I have said, I have voted for all war measures and intend to do so, and I am not going to go through each bill with a fine-tooth comb to see if I can find fault with some part of the bill. All measures depend upon the honest and wise administration of such measures when enacted into law.

We hold this administration responsible, and we will hold it responsible for what is done in this war. We should not hamper the administration in trying to do the things which it deems essential for the successful conclusion of this war, and if this administration fails to so properly advise us, then we will hold the administration responsible. But to growl and whine about this part of a bill or that line or some other word, or this clause is no part of the duty of a Member of this House in this crisis. [Applause.]

Mr. STERLING of Illinois. Mr. Chairman, it is useless for gentlemen to undertake to minimize the importance of the by-laws of a corporation. If what the gentleman from Iowa [Mr. GREEN] has said about the functions of the by-laws of this corporation is true, of course this clause ought to go out. If they simply determine the question of when the board shall hold their meetings and similar questions, the Secretary of the Treasury ought not to be annoyed by it, and the gentleman's remarks answer his own argument. There can not be any serious question about the functions of the by-laws—

Mr. GREEN of Iowa. Does the gentleman think that the Secretary of the Treasury will have no interest in the time when these meetings shall be held?

Mr. STERLING of Illinois. There will not be any dispute on that. Any one of them would agree they should be held when it is convenient for all. These men will be too big to quarrel about that.

Mr. GREEN of Iowa. There will not be any dispute about anything.

Mr. STERLING of Illinois. If the Secretary has the power to make the by-laws, it would be useless for other members of the board to dispute anything.

I have no doubt that all five will agree as to when they shall have their meetings. It is idle for Congress to spend any time on that. The functions of the by-laws of a corporation are well known. They are important. They are the absolute authority for the action of the corporation within the law that creates it. They control the corporation. They are its rule of conduct. Under the by-laws of this corporation the entire scope of their action within this law will be determined. The by-laws will determine the manner in which they shall exercise the power given them by this law. The law provides that the by-laws shall determine the manner in which they shall exercise their powers. This bill expressly says that the by-laws, which must be approved by the Secretary of the Treasury, shall determine the manner in which the corporation shall exercise its privileges under the law.

Mr. SNYDER. Would it not be possible under this grant of power for the board of directors in making up their by-laws to say that the Secretary of the Treasury should have full power to determine who should have loans?

Mr. STERLING of Illinois. I think so. I think they could determine the character of the loans they will make and the character of the securities they will take. I think they could determine those things by their by-laws within the scope of the law.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. STERLING of Illinois. Yes.

Mr. GRAHAM of Illinois. In verification of what the gentleman says, section 7 provides that the corporation may be authorized to make advances on such terms as the board may prescribe. Could not the Secretary of the Treasury absolutely dictate that matter?

Mr. STERLING of Illinois. They could prescribe that in the by-laws, and the only limitation would be this law.

Mr. GRAHAM of Illinois. Yes.

Mr. O'SHAUNESSY. Will the gentleman yield?

Mr. STERLING of Illinois. In a moment, please. The gentleman talked about the Secretary of the Treasury being the representative of the Government on this board. He is no more the representative of the Government than every other man on the board.

Mr. SMITH of Michigan. That is correct.

Mr. STERLING of Illinois. The other four men ought to have the same interest in the success of the corporation and the same interest in the relief that it is proposed to offer to the business interests of the country. They will be appointed by the President and confirmed by the Senate, and they will be officers of this corporation. Certainly the President of the United States will undertake to appoint men whom we can trust, and on whom we can rely, just as much as on the Secretary of the Treasury.

I agree with what gentlemen say about Mr. McAdoo. I have a very high estimate of his ability, but he is not the depository of all the wisdom in the country. I dare say that many men can be found and men will be found to go on this board who are just as wise and who have just as much knowledge of the financial needs of the country as has Mr. McAdoo.

Mr. O'SHAUNESSY. Will the gentleman yield now?

Mr. STERLING of Illinois. I will yield to the gentleman from Rhode Island.

Mr. O'SHAUNESSY. Does the gentleman consider the fact that Mr. McAdoo, in addition to being a member of that board, would also be Secretary of the Treasury, and does he consider the duties and responsibilities laid upon Mr. McAdoo as Secretary of the Treasury?

Mr. STERLING of Illinois. As director of this corporation he has no duties to perform as Secretary of the Treasury.

Mr. O'SHAUNESSY. Does he not go in there as Secretary of the Treasury?

Mr. STERLING of Illinois. He is Secretary of the Treasury, and these other gentlemen, or some of them, may have official positions in connection with the Government. But as directors of this corporation they all have duties to perform which are wholly apart from other official duties. It is certainly wise to have the Secretary on the board, because of his superior opportunity to know the condition of the Treasury. He can advise them on that point, but that is no reason he should dominate them.

Mr. SNYDER. Is there anything in the law we are now considering that would make it impossible for the makers of the by-laws to fix it so that one member of that board could not be made the disbursing officer of the corporation?

Mr. STERLING of Illinois. That is a matter that would come within the scope of the by-laws.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. STAFFORD. I ask unanimous consent that the time of the gentleman be extended five minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the time of the gentleman from Illinois be extended five minutes. Is there objection?

There was no objection.

Mr. LONGWORTH. Will the gentleman yield?

Mr. STERLING of Illinois. Yes.

Mr. LONGWORTH. I think the gentleman's answer to this question will settle the whole discussion. Would the gentleman approve of the adoption of a set of by-laws relating to this corporation which Mr. McAdoo, in the capacity of Secretary of the Treasury, would not approve?

Mr. STERLING of Illinois. Probably not.

Mr. LONGWORTH. That is all there is in this question.

Mr. STERLING of Illinois. No; it is not all there is in this question; because I would probably agree with the Secretary is no reason at all why I should be denied the right to differ with him if my judgment so prompted me. And we must not forget that it is not Mr. McAdoo to whom this relates. It is the Secretary of the Treasury on whom we are conferring power. That is Mr. McAdoo to-day, but who will it be to-morrow? We may be giving to some person, unknown to us all, practical dominion over this corporation which is to control the destiny of the business world. There will probably be no dispute between the other directors of the corporation and Mr. McAdoo as to what the by-laws should be. But the danger is to give this unnecessary power to anybody. If you have four men there, why is not the combined wisdom of all better than the wisdom of one man?

Mr. MOORE of Pennsylvania. The Secretary of the Treasury, whoever he may be, proposes to issue a liberty loan and make a heavy draft upon the public for that purpose. The board of four directors, not including the Secretary of the Treasury, make up their minds to make a large issue of corporation bonds about the same time, at a different rate of interest; does not the gentleman think it is important that the Secretary of the Treasury should be consulted in a matter of that kind?

Mr. STERLING of Illinois. Before I answer let me suggest this question to the gentleman from Pennsylvania. The gentleman agrees that that would be a subject matter to be covered by the by-laws?

Mr. MOORE of Pennsylvania. Not necessarily.

Mr. STERLING of Illinois. I think he assumes that, or his question is not pertinent. I think it would, and it shows the importance of the by-laws. It disposes of the arguments of gentlemen who undertake to minimize the importance of the by-laws.

Mr. MOORE of Pennsylvania. The clause we are discussing is this: "Subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed." I submit to the gentleman that in the rate of interest, if there are two conflicting issues of bonds, the rights of the Government, through the Secretary of the Treasury, ought first to be considered.

Mr. STERLING of Illinois. I agree with the gentleman from Pennsylvania, and I desire to say that the four men—the members of the directorate—will have the interests of the Government just as much at heart as will Mr. McAdoo. [Applause.] Gentlemen assume that the four men on the board with Mr. McAdoo are going to be irresponsible men, not men accountable for their conduct, men not faithful to the trust imposed upon them. You have got to assume that when you undertake to say that Mr. McAdoo should control absolutely the methods of the corporation.

Mr. LONGWORTH. Assume that you have got the four ideal men, this is an entirely new proposition, one never before tried; it is a new machine in the history of American legislation. Is it not conceivable that these four men might agree on a set of by-laws which for some reason or other might be very disadvantageous to the interests of the Treasury Department?

Mr. STERLING of Illinois. They might.

Mr. LONGWORTH. All we are providing for is that in that event the Secretary of the Treasury may have the approval of it.

Mr. STERLING of Illinois. Ah, these four men might agree on a set of by-laws that would be very detrimental to the Treasury of the United States, but these four men are just one-fourth as liable to agree on such by-laws as is the Secretary of the Treasury, because they are just as wise as he is; they will know just as well what ought to be done as will Mr. McAdoo. The mere fact that they stand on one side of the proposition and Mr. McAdoo on the other, it does not necessarily follow that they are against the interests of the Government. I am going to assume that the President will appoint

four strong, loyal men, and the combined wisdom of all of them should be made available for the success of this law. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MEEKER. I ask unanimous consent that the gentleman have one more minute.

The CHAIRMAN. The gentleman from Missouri asks that the gentleman from Illinois have one more minute. Is there objection?

There was no objection.

Mr. MEEKER. Does not the gentleman think that the argument of the committee all the time is that it is discussing personal legislation, that inasmuch as it happens to be Mr. McAdoo just now, they are willing to go ahead, but to trust four other men not named, they hesitate? What would become of us if Mr. McAdoo died?

The CHAIRMAN. The pro forma amendment is withdrawn and the question is on the amendment offered by the gentleman from Indiana [Mr. Wood].

The question was taken, and on a division (demanded by Mr. Wood of Indiana), there were 36 ayes and 73 noes.

Mr. WOOD of Indiana. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers the gentleman from North Carolina [Mr. KIRCHIN] and the gentleman from Indiana [Mr. Wood].

The committee again divided; and the tellers reported—ayes 33, noes 83.

So the amendment was rejected.

Mr. DILLON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. DILLON: Page 5, line 3, strike out the words "purchase or" and also the words "and hold or dispose of."

Mr. DILLON. Mr. Chairman, this amendment seeks to eliminate the power to buy and purchase real estate, but it retains the right to lease property for the purposes of the bill. This being an emergency measure and the corporation may commence liquidation within a few months, I think we ought not to grant the power, because there is no need of buying real estate.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. DILLON. Yes.

Mr. MOORE of Pennsylvania. Has it occurred to the gentleman that in the course of its business, some of which will undoubtedly include the acquisition of real estate, some of which may have to be purchased in the course of the business, it would be wise to keep that purchase clause in the bill? For instance, a loan is made to a concern which is unable to make good and a sheriff's sale may result. The property would have to be turned over.

Mr. DILLON. Yes; but that does not reach the point that I am making. The point that I am urging is that it is for the purpose of conducting the business. The point the gentleman refers to would be a mere incident that would grow out of the loan-making power. I do not seek to reach that question, but why should this Congress grant power for this temporary purpose and allow the corporation to purchase real estate all over the country? They can rent the real estate. They can rent whatever may be necessary for conducting the business, but there is no necessity to go out and buy real estate for the conduct of this corporation business, and this power ought to be eliminated.

Mr. MADDEN. Mr. Chairman, I rise in opposition to the amendment. It seems to me that to own real estate may be one of the vital things in connection with the conduct of this organization. It may advance money and be compelled to take real estate to satisfy the loan. If it should take it, it ought to have the power to lease that real estate while it conducts the business of the corporation. Then it ought to have the power to dispose of the real estate that it takes, and to eliminate this language from the section now under consideration would be to restrict the right of the corporation to protect the interests of the country whose money it is using in the conduct of the corporation's business. What we should do is to broaden the power of the corporation rather than to restrict it. We ought to give the corporation every power necessary to recoup on any loans that it may make. It will have undoubtedly the right to foreclose if it should take a mortgage.

Mr. DILLON. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. DILLON. My amendment does not seek to reach the question of foreclosure. That is a mere incident. It follows that the Government would have the right, the corporation would have the right, to take over the titles, but I have

reference to purchases for the purpose of conducting this business.

Mr. MADDEN. This language does not mean that at all, in my judgment. The purchase may mean the right to acquire title. That would be classed as a purchase, and the acquisition of the title would be to protect the interests of the Government against loss on any loan that the corporation may make.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. McKENZIE. If the stories that we have been hearing about rents in the District are true, does the gentleman not think, in order to protect the Government, that we ought to give them the power to condemn as well as to purchase?

Mr. MADDEN. We ought to give them any power that may be necessary to conduct this business without loss. While I am on my feet talking about purchase I hope I shall not be considered as going outside the field of discussion when I say that I do not think we would have any such trouble as we have now in the District if we should make the headquarters of the Food Administration and several other administrations elsewhere than in the District of Columbia.

We ought to have established the headquarters of a lot of these bureaus in other sections of the United States where rents are cheap, where people can be found to work, and not center all of the activities of the Government in the city of Washington, where there is no place to house those that come and where rents are exorbitant, and where there is a disposition on the part of the people of the city of Washington to impose upon the Government. Men and women are idle everywhere else in the United States; buildings are idle, easy to obtain at normal rents, and the people everywhere in the United States would be glad of an opportunity to work, and I commend to the executive authorities of the Government the suggestion of dividing these activities of the Government among the great cities of the country, so that all sections of the country will have an opportunity to contribute to the war and to its success and not impose these unusual burdens on the people of Washington, who seem to take affront at having them here.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. If we should scatter these around, the chief job would be for the poor people to haul the bonds, and that would give labor to the common laborer.

Mr. MADDEN. I can not quite grasp the purpose of the gentleman's question, but I am sincere in my suggestion that we ought to distribute the activities of the Government throughout the country and not try to center them all in the city of Washington. There are a great many bureaus here that are not needed here. They might just as well be anywhere else. They would perform better work somewhere else and we would get better results.

Mr. MOORE of Pennsylvania. Does not the gentleman think we could actually reduce rents in Washington if we distributed some of the governmental work now centered here somewhere else?

Mr. MADDEN. We would reduce the rents and find opportunity for housing people here on reasonable terms. We would reduce the cost of food; we would find employment in other sections of the country for people who are now idle; and we would prevent the necessity for transporting people from every section of the country to Washington, and we could transact our business by mail with the headquarters of these different bureaus distributed all over the United States.

Mr. ROBBINS. Will the gentleman yield?

Mr. MADDEN. And that is where they ought to be. If an activity is one that can carry on its work successfully in New York City, that is where the bureau ought to be; if it is in Chicago, that is where the bureau should be; if it is in Denver, that is where the bureau should be, and so on all over the United States, and what I am saying now is said with the hope that those who are in the responsible charge of the Government will take notice of it and try to so distribute the war activities of the country as to impose the least possible burden upon the Government, facilitate the transaction of the Government's business, and at the same time lighten the burden upon the people.

Mr. ROBBINS. Will the gentleman now yield for a question?

Mr. MADDEN. I will.

Mr. ROBBINS. Does not the gentleman know in the city of Pittsburgh there is a large building devoted to the Bureau of Mines that could well house the Mining Department?

Mr. MADDEN. Yes.

Mr. ROBBINS. And in the city of Chicago there is a building for the Food Administration—

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. I would ask for two minutes additional.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. I know there are buildings everywhere throughout the United States except in Washington. Here there seems to be a combination of owners of property who are imposing upon the Treasury of the United States by charging exorbitant rents; and while we have to build temporary buildings here we might just as well put them somewhere else. We are expending millions of dollars for the construction of those buildings, not one dollar of which would need to be expended if we would give proper consideration to the questions involved. We will have a bill here in a few days—a housing bill for the city of Washington, to accommodate those who have come here. We would not need to expend that money and make that charge against the people of the United States if we used wisdom in distributing the activities throughout the United States. I call the attention of the House to this because I believe it is important. It should have been done from the start, but it is not too late, for we are going to have more and more people called from every section of the country into these activities, and we ought to put them at work where they live rather than bring them here where they will not have a chance to live on what they get. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. KITCHIN. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from South Dakota.

The question was taken, and the amendment was rejected.

The Clerk began the reading of section 7.

Mr. ROBBINS. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. ROBBINS. To offer an amendment to this section.

The CHAIRMAN. The gentleman will wait until the section has been concluded.

Mr. LONGWORTH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LONGWORTH. Is this bill being read by paragraph or section?

The CHAIRMAN. By section.

Mr. LONGWORTH. Then we have not yet concluded the reading of the section.

Mr. KITCHIN. The gentleman can offer his amendment after the completion of the reading of the section.

Mr. LONGWORTH. But we have not read the section.

The CHAIRMAN. The Chair so held.

The Clerk read as follows:

Sec. 7. That the corporation shall be empowered and authorized to make advances, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding five years from the respective dates of such advances:

(1) To any bank, banker, or trust company, which shall have made since April 6, 1917, and which shall have outstanding, any loan or loans to any person, firm, corporation, or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war, and evidenced by a note or notes, but no such advance shall exceed 75 per cent of the face value of such loan or loans; and

(2) To any bank, banker, or trust company, which shall have rendered financial assistance, directly or indirectly, to any such person, firm, corporation, or association by the purchase since April 6, 1917, of its bonds or other obligations, but no such advance shall exceed 75 per cent of the market value of such bonds or other obligations at the time of such advance, as estimated and determined by the board of directors of the corporation.

All advances shall be made upon the promissory note or notes of such bank, banker, or trust company, secured by the notes, bonds, or other obligations, which are the basis of any such advance by the corporation, together with all the securities, if any, which such bank, banker, or trust company may hold as collateral for such notes, bonds, or other obligations.

The corporation shall, however, have power to make advances (a) up to 100 per cent of the face value of any such loan made by any such bank, banker, or trust company to any such person, firm, corporation, or association, and (b) up to 100 per cent of the market value at the time of any such advance (as estimated and determined by the board of directors of the corporation) of such bonds or other obligations by the purchase of which financial assistance shall have been rendered to such person, firm, corporation, or association: *Provided*, That every such advance shall be secured in the manner described in the preceding part of this section, and in addition thereto by collateral security, to be furnished by the bank, banker, or trust company, of such character as shall be prescribed by the board of directors, of a market value, at the time of such advance (as estimated and determined by the board of directors of the corporation), equal to at least 33 per cent of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time.

Mr. ROBBINS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 6, line 2, after the word "business," insert "or a business about to be established."

Mr. ROBBINS. Mr. Chairman and gentlemen of the committee, the purpose of this amendment is quite obvious, because the way the bill reads there are but two classes of corporations that can have the benefit of it. The first are the corporations that have an established business and corporations that have a going business; in fact, it is really one class of corporations. If this war has developed anything more prominently than another it is the new inventions that have been brought forth; as for instance, the Browning gun, the explosive shell, the deadly gas, the improvements of undersea craft, improvements of the aeroplane, and so forth. Now, if an improvement of that kind is brought forth and patented, a genuine invention that it is believed will be to the benefit of this Nation in the war, this War Finance Corporation can not advance the money to a bank or trust company that has taken the paper or notes of the proposed corporation that is to be organized to put that new invention on the market, because it must be a "going business," it must be an "established corporation" before any advances can be made to it. Now, I do not know that there ought to be any objection to that provision being in this bill. It surely should not be limited, because it is a war measure, it is for the purpose of helping us to win this war, and why should we limit and restrict it to that class of inventions that are already established and not allow its benefits to be used for inventions that may be developed during the war for the use and benefit of the war.

Mr. JOHNSON of Washington. Will the gentleman yield for a question?

Mr. ROBBINS. I will.

Mr. JOHNSON of Washington. There is some business man out in the district I have the honor to represent who would like to put up and can whale meat, which is quite common. Would he be entitled to come in if the gentleman's amendment is added to the bill?

Mr. ROBBINS. Well, this corporation is to be handled by a board of five directors, four appointed by the President and one is the Secretary of the Treasury, and all of these inventions that present their paper for discount or ask credit are to be passed on by this board of directors. I think that is the purpose of the amendment. We can not legislate here as to what character of paper is to be taken. That is the business of the board of directors. The bill authorizes its directors to make by-laws and rules to govern its proceedings.

Mr. McKENZIE. Will the gentleman yield?

Mr. ROBBINS. I will.

Mr. McKENZIE. Does not the gentleman believe that if his amendment were adopted that it will absolutely destroy the very purpose of this bill?

Mr. ROBBINS. Why, no; it will only add to it another class of business, namely, new inventions that are about to be manufactured to the list that may be aided. It is to develop a new kind of enterprise that is not now established and a new product not now being made. Now, I do not quite agree with the chairman of this committee as to the operation of this bill. This bill is going to work inflation. If you will turn to the testimony that was given before the committee you will find, on page 64, the evidence of Mr. Warburg as to how this corporation is going to work. The purpose of this corporation is to advance bonds in exchange for the paper and bonds that are taken by this Federal aid corporation in helping companies that are engaged in making war munitions or connected with furnishing activities of war.

These bonds will be taken by banks, but no bank can take and invest all its money in bonds. It would have to close its doors. It would be compelled to suspend payment. What do they do? They take the bonds of these banks and trust companies that received them from war industries and take them for discount to the Federal reserve banks, and receive therefore Federal reserve notes and put them into circulation.

Mr. MADDEN. Not on the bonds.

Mr. ROBBINS. On the bonds or the paper of the banks together, no matter what it is. The thing that I inveigh against here, and the danger I see in enacting this law, is the great inflation that is going to result by the large increase of Federal reserve bank notes in actual circulation.

Mr. STAFFORD. Will the gentleman yield?

Mr. ROBBINS. I have not much time to yield in five minutes. But I do not want to be discourteous to the gentleman, and therefore I will yield.

Mr. STAFFORD. I understand the argument of the gentleman to be that if these inventors who are seeking to have their inventions floated by local capital can not secure support from the local banks they should come to this national bank?

Mr. ROBBINS. Under this clause of the bill they must go to local banks.

Mr. STAFFORD. As I understand the gentleman's argument, he would come to the relief of such noted inventors as Mr. Giragossian?

Mr. ROBBINS. I do not consider him a noted inventor. I do not know what he has invented. I mean by the amendment I offer only inventions of merit, the actual manufacture of which has not been begun on a large scale.

Mr. STAFFORD. Nobody else does.

Mr. MOORE of Pennsylvania. Has the gentleman read section 9?

Mr. ROBBINS. Yes.

Mr. MOORE of Pennsylvania. That relates to exceptional cases that I think would cover his point.

Mr. ROBBINS. I did not so understand it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ROBBINS. Mr. Chairman, may I have two minutes more?

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent for two minutes more. Is there objection?

There was no objection.

Mr. ROBBINS. In the hearings this was a question that was asked about the expansion. Senator Gorz asked:

It could only be used by the Federal reserve bank as collateral?

Mr. Warburg answered:

Yes, sir.

Then Senator Smoot asked this question:

Now, when these banks take \$500,000,000 of those bonds they, no doubt, will go to the Federal bank and get currency on that \$500,000,000?

To which Mr. Warburg replied:

They might not get currency. They might want credit.

Senator Smoot. Suppose they do get it?

To which Mr. Warburg replied:

Yes.

Senator Smoot. Suppose they do get it; then, when issued, there is that much inflation of the currency.

Mr. Warburg. Expansion.

They would get this \$500,000,000 in these reserve notes, which would be added to the circulating medium of the United States. In the last statement of the Comptroller of the Currency, which I have in my hand, under date of March 2, 1918, as compared with March 1, 1917, we find that these Federal reserve notes have this year expanded to \$1,442,088,335 in this country. On the 1st of March, 1917, there was only \$338,934,225, and on the 1st of March, 1918, there was \$1,442,088,335, or over a billion of expansion of our credit during the past year. Just think of this! If this wild inflation goes on—and somebody has well said that the printing presses are still running down at the other end of Maryland Avenue—and we adopt the scheme proposed in this bill, as Mr. Smoot and Mr. Warburg say in their testimony, we would have "inflation" of the wildest kind. We are by this bill proposing to allow borrowers to take these bonds from the Federal aid corporation, take them around to the Federal reserve bank, and get Federal reserve notes for them, and put these notes in circulation. Therefore, gentlemen, we are going to have "expansion" here that may, unless restrained by the directors, bring on all the ills that expansion has always brought in this country—panic, financial distrust, and financial ruin.

But in explaining the fact that this corporation may lead to "inflation and expansion," as Mr. Warburg characterizes it, it must be understood that it is essentially a piece of war legislation and therefore must be enacted into a law. This, then, is war legislation and is to remain in force during the war only.

On page 64 of the hearings before the House committee Mr. Warburg makes this statement:

We are just now in a terrific state of inflation, worst that the world has ever seen, taking the world as a whole—not the United States, but the world as a whole.

Therefore the situation that confronts the United States is not different from that which confronts other commercial nations.

This bill is being enacted to meet a crisis that now confronts us.

In the first place, we have a large number of banks that are carrying the paper of corporations engaged in the manufacture of war materials. These corporations are solvent, but they are not able to pay their maturing debts as they fall due. Under the operation of the War Finance Corporation these banks carrying company loans can apply for relief to the War Finance Corporation and secure from that corporation against the pledge of utility or corporation bonds and notes of the member bank

an equal amount of short-term bonds of the War Finance Corporation. The utility corporation would turn over its bonds for each of the maturing obligations delivered by the borrowing bank. In that way either the holder of the maturing obligation would receive in the form of securities guaranteed by the bank or the bank would receive the War Corporation bonds for the bonds of the borrowing companies that it had deposited. The banks could take these War Corporation bonds in turn and deposit them with a Federal reserve bank and get securities or Federal reserve notes, which are a circulating medium, in exchange therefor.

The Federal reserve notes are based on 40 per cent gold reserve and 60 per cent commercial paper, or, in this case, the notes of the borrowing bank would be perfectly secure. The safeguard against this inflation would be that the reserve notes could only be issued to the extent of the gold reserve held by the Federal banks; and while it is true the free gold is constantly diminishing, yet the limit at this time is two and one-half billion dollars, and beyond that there could be no inflation. The strict compliance with the law under which the Federal reserve banks operate is our only safeguard against inflation.

Inflation to that extent at this time of business activity would be about what the country could stand without overstraining our credit system.

The second class of borrowers, of course, are the savings banks, which are provided for in section 8 of the bill, and this provision is a very salutary one, because the liberty bond sales have caused large withdrawals of the deposits in these institutions, and if the next loan is to be floated at 4½ per cent the depositors in savings banks who receive but 4 per cent for their money will quickly convert their savings into liberty loan bonds, and this will drain the savings banks of their deposits.

Savings banks, to preserve their liquid capital, can take securities that they have to the Federal War Corporation and quickly obtain from it bonds, which they could in turn deposit in the Federal reserve bank and secure Federal reserve circulating bank notes therefor. In this way the solvency of our savings banks, which are very extensive, and all other institutions operating like them, will be preserved, and their capital, surplus, and deposits practically guaranteed.

This second great benefit to be derived from this corporation far overbalances any danger from "inflation and expansion." We have come to a time in this war when every step necessary, financially and otherwise, must be taken to prepare our Nation, equip our Army, and sustain our gallant soldiers who are fighting in Europe.

No one can halt now to speculate on events that may never happen. We are in the presence of a foe that menaces our liberties and our entire fabric of government and also organized society. Our soldiers have gone forth and are going forward to offer their lives in our defense and in the defense of our flag.

I have voted since the declaration of war for every measure that would protect our troops and assist in any way toward winning the victory over the Germans and the central powers. The administration wants this bill and deems it necessary to that end.

The President has asked its enactment by a letter to one of the members of the committee, and I shall zealously and earnestly support it, believing, as I do, that I am sustaining the President and the Government in taking another step forward in the direction of a complete victory for our boys in the trenches and for our flag on land and sea.

Mr. McKENZIE. Mr. Chairman and gentlemen of the committee, it may be that I do not have a clear conception of the purpose of this bill, but, if I do, then surely the amendment proposed by the gentleman from Pennsylvania [Mr. ROBBINS] will absolutely destroy every particle of virtue there is in this proposed law.

He speaks about inflation. If his amendment is adopted and every new concern in the country that may be organized by a lot of promoters shall be permitted to come to the Government of the United States to get their project financed, God knows where the end would be of a proposition of that kind.

Mr. Chairman, I want to say that I am for the policy underlying this bill from the very bottom of my heart. It may be that the bill is not properly drawn in every particular. There is no doubt but that the committee has amended it very wisely. I think they have acted judiciously when they have undertaken to throw around the financial institutions of this country, or, rather, the finances of the people, every safeguard that is possible. It is perfectly right and proper that the minority at all times should be jealous of the rights of the people when the majority undertakes to legislate, and should not spare

criticism when justified by the facts. This bill is simply an emergency measure to tide the Government through this great crisis of war. How tide it through? By controlling the credit of the country, as proposed in the bill, by organizing a corporation into which shall be put \$500,000,000 capital stock and authority to sell bonds of the corporation to the amount of \$2,000,000,000 to replenish from time to time the fund of \$500,000,000; to incidentally take care of the industries, the lines of business, that are necessary to help win this war, but primarily to control credits and absolutely prevent the diverting of the finances of the country in every direction into the hands of men and corporations who are not so patriotic but that they would exploit their Government and the people in time of war.

And again the purpose of this legislation is to invite the money of the people into this one great channel flowing toward the Treasury of the United States whereby the President and those under him, provided for in this legislation, may control the finances of the country in such a way that we can sell our bonds and furnish all necessary material and equipment and pay the soldiers who are fighting the battles of our country. [Applause.] And I as a Republican, forgetting all partisanship, feel that we must at this time trust the men that are at the head of the Government to administer this legislation wisely. If they do not, if they fail in this hour of the Nation's great trial, then they will be overthrown the first time the people have an opportunity to get at them. For the time being we must trust them. I shall vote for the bill cheerfully, because I believe it is one of the necessary things we must have to safeguard the very liberty of our country in this hour. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment proposed by the gentleman from Pennsylvania.

The question was taken, and the amendment was rejected.

Mr. PHELAN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. PHELAN offers to amend by striking out line 23, page 5, and inserting in place thereof the following: "(1) To any bank or trust company established under the laws of the United States or any State thereof, or to any banker who is a citizen of or is doing business in the United States."

Mr. PHELAN. Mr. Chairman, the purpose of this amendment is to limit the banks and bankers who can get accommodations from the Finance Corporation to those doing business in the United States and those established under the laws of the United States or any State. As the bill is written, if I interpret it correctly, there is no limitation. The War Finance Corporation could loan money to a Canadian bank or to a bank in any other country in the world. That ought to be amended.

Mr. FESS. Why do you say "banker," using the term "banker"?

Mr. PHELAN. I am coming to that in a moment.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. PHELAN. Yes.

Mr. GARNER. Has the gentleman read the entire paragraph?

Mr. PHELAN. I have; but I may have missed something about it.

Mr. GARNER. I call the gentleman's attention to line 4, page 6, "conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war." That would confine it to the United States.

Mr. PHELAN. That refers to firms, corporations, or associations. Those are war industries, the public-utilities companies, or something of that sort; but there is nothing in this bill, so far as I know, to limit the banks that can get accommodations under this proposed law to the banks of this country. I think there ought to be that limitation.

Mr. GARNER. The description of this banker is very plain. It is to "any bank, banker, or trust company, which shall have made since April 6, 1917, and which shall have outstanding any loan or loans to any person, firm, corporation, or association, conducting an established and going business in the United States."

Mr. PHELAN. Yes. It is possible that the Canadian banks might have loaned a good deal of money up in Detroit, for example, or some place like that.

Mr. GARNER. I do not know of any bankers making loans to the United States.

Mr. PHELAN. Well, since we do not know, it is only safe to put in this limitation.

Now, there is another item, however, that I would like to ask the committee about. You have the word "banker" there

now. If the word "banker" there means what it seems to mean, it means that J. P. Morgan & Co., or Kuhn, Loeb & Co. can get accommodation from this corporation. In other words, while you put a restriction around the corporation and say that only in such exceptional cases can the banking organization get accommodation from the War Corporation, a bank or banker can get the same terms as a national bank or State bank. Probably the committee has good reason for putting in the word "banker," but if the committee intends that the private bankers shall have the same accommodations as the banking associations and trust companies, we ought to say "banking firm, partnership, or bankers," because as the bill reads, I believe it would be construed to refer to a single individual. Is it intended to give this accommodation to private individuals?

Mr. KITCHIN. Yes; if they have made loans.

Mr. PHELAN. Should you not insert "banker or concern"?

Mr. KITCHIN. No; "banker or trust company." If you will notice the testimony of Mr. Warburg, we went into that and raised that very question that the gentleman raises. We concluded that this would cover all private bankers and banks and banking institutions not organized as associations. We looked into that.

Mr. PHELAN. I think that ought to be put in.

Mr. KITCHIN. I have no objection, and I do not think the committee has, to adopting substantially the suggestion of the gentleman from Massachusetts by putting in on line 23, on page 5, after the word "company," the words "organized or established under the laws of the United States or any State thereof."

Mr. PHELAN. The same amendment ought to be made on page 6, line 7.

Mr. KITCHIN. "Any bank, banker, or trust company, established under the laws of the United States or any State."

Mr. GLASS. It should not say "establish a banker" or "organize a banker." God Almighty established him.

Mr. GARNER. You say "in the United States"?

Mr. KITCHIN. Yes; say "in the United States." Of course, a foreign banker may do business in the United States. Say "any bank, banker, or trust company in the United States."

Mr. STAFFORD. That would not cover the objection of the gentleman from Massachusetts [Mr. PHELAN]. It would allow these loans to be made to branches of Canadian banks.

Mr. KITCHIN. Such a bank might be doing business in the United States.

Mr. STAFFORD. The actual location would be in the United States, but their organization and capitalization would be in a foreign country. What objection has the gentleman to the language suggested by the gentleman from Massachusetts?

I ask unanimous consent, Mr. Chairman, that the amendment offered by the gentleman from Massachusetts may again be read.

Mr. KITCHIN. To "any bank, banker, or trust company in the United States which shall have made since," and so forth.

Another thing, while we do not intend it, when we really consider the proposition, why should we not accommodate the Canadian banks? What objection is there to it if a Canadian bank is willing to lend money to help a war industry in this country and put up its credit and its security and buy one of these corporation bonds? We are not going to limit the sale of corporation bonds to banks of the United States. We are willing to allow the Canadians to buy our bonds.

Mr. PHELAN. It is not a question of buying our bonds. It is a question of advancing money to them.

Mr. KITCHIN. They are advancing it. They must put up the security.

Mr. STAFFORD. As I understand this bill, we want to help the industries of this country that are necessary to carrying on the war. That is a big enough job of itself.

Mr. KITCHIN. Yes.

Mr. STAFFORD. We are not concerned in trying to advance the industries that are established in Canada or foreign countries.

Mr. KITCHIN. If the gentleman would just read the bill, he would see that there is no necessity of that, because this bill in two or three places specifically confines the war industries. They must be war industries whose operations are in the United States—existing in the United States, and not a foreign corporation.

Mr. STAFFORD. What objection has the gentleman to the language offered by the gentleman from Massachusetts [Mr. PHELAN]?

Mr. KITCHIN. I have no objection to the substance of it, and this provision will get the substance of it. The gentleman from Massachusetts [Mr. PHELAN], I believe, will agree that this is the substance of it, to put in after the words "trust company" the words "in the United States."

Mr. PHELAN. I think that will cover it, because I think no foreign banks can do business in the United States.

Mr. KITCHIN. Then, another thing: Adding the words "in the United States" will mean the same thing, because they will be doing business under the laws of the United States. If a Canadian bank were doing business in this country, it would have to get the privilege of doing business here from some State. They would have to be organized under the laws of the United States or some State, and it would be the same thing identically.

Mr. LONGWORTH. Mr. Chairman, I think the amendment is without merit. I see no possible objection to loaning money to a Canadian bank, a branch of which has loaned money to a going concern engaged in war industry in the United States.

Mr. KITCHIN. I really see no objection to it, because they are using their credit to help our war industries.

Mr. LONGWORTH. The cases will probably be very rare. I doubt whether there will be any such case, but if there is any such, what objection is there to our doing this?

Mr. KITCHIN. I am willing to accept that amendment, because cases of that kind are going to be very few and far between.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. PHELAN].

Mr. KITCHIN. I move to insert, in line 23, on page 5, after the word "company," the words "in the United States."

The CHAIRMAN. Is that offered as a substitute?

Mr. PHELAN. I am willing to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Massachusetts will be withdrawn. The gentleman from North Carolina offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KITCHIN: Page 5, line 23, after the word "company," insert the words "in the United States."

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. KITCHIN].

The amendment was agreed to.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word, merely for the purpose of calling the attention of the gentleman from North Carolina to page 6, line 7.

Mr. KITCHIN. I have a note to offer the same amendment there, and if the committee will permit me I will make that motion now. I move on page 6, line 7, after the word "company" to insert the words "in the United States."

The CHAIRMAN. The gentleman from North Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KITCHIN: Page 6, line 7, after the word "company," insert the words "in the United States."

The amendment was agreed to.

Mr. STERLING of Illinois. Mr. Chairman, I want to ask the chairman of the Committee [Mr. KITCHIN] a question. Does he not think that the word "banker" in that same line should be changed to "banking house"? "Banker" means an individual.

Mr. KITCHIN. The gentleman will recall that we had this very matter up in the committee during the testimony of Mr. Warburg.

Mr. STERLING of Illinois. I remember it.

Mr. KITCHIN. In fact, the gentleman himself asked the question.

Mr. STERLING of Illinois. Yes; I remember it.

Mr. KITCHIN. And he said that "banker" would, of course, include a firm of bankers like J. Pierpont Morgan & Co., or would include one individual banker, and I should think, myself, that it would.

Mr. STERLING of Illinois. I remember what Mr. Warburg said about it, and I made just this point, that the word "banker" could apply to an individual. He might have acted in his individual capacity, not as a banker, and still the use of that word there would cover that act. As I further remember, I think Mr. Warburg said it might be better to substitute the words "banking house." I am not sure about that.

Mr. KITCHIN. If the gentleman will allow me—

Mr. STERLING of Illinois. I am not going to make any motion.

Mr. KITCHIN. I think the distinction is this: When you say "bank, banking institution, or trust company," you mean an organized, chartered company.

The word "bank" includes a private banker. I know that is so in my State, for I was at one time a bank examiner for State banks.

Mr. McFADDEN. Does the word "banker" include member banks of the Federal Reserve System?

Mr. KITCHIN. Yes; I think that would cover them.

Mr. McFADDEN. Cover the member banks?

Mr. KITCHIN. Sure; any bank or banker.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

Mr. MORGAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, line 5 after the word "notes," insert the following: "including short-term loans made for agricultural purposes, the proceeds of which have been used to purchase seed or otherwise directly to increase food production."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order on the amendment.

Mr. KITCHIN. I hope the gentleman from Wisconsin will withdraw that and let the gentleman have it out.

Mr. STAFFORD. Mr. Chairman, in deference to the chairman of the committee I withdraw the point of order.

Mr. MORGAN. Mr. Chairman, if there is one thing more important to the Nation at this time than any other, it is that we should be able to increase our food production that we may supply ourselves and our allies with sufficient food. I call attention to the fact that this amendment is restricted in its application. It only covers loans to banks that have made loans to aid in purchasing seeds, or for a purpose which has directly contributed to increased food production. I ask that the amendment be again read. I want you to clearly understand it. Then I want to know whether or not you will turn down this proposition.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk again reported the amendment.

Mr. WINGO. Will the gentleman yield; I am in sympathy with the gentleman.

Mr. MORGAN. I want the gentleman's vote as well as his sympathy.

Mr. WINGO. I want to call the gentleman's attention to the fact that that class of paper is now eligible for rediscount by the Federal reserve bank under existing law. Why does the gentleman want to repeat the present law?

Mr. MORGAN. I am surprised that the gentleman from Arkansas should make such a statement because he certainly knows that the Federal reserve banks are not rediscounting the notes of the farmers made for such purposes.

Mr. WINGO. The gentleman does not want to let that statement stand. Will the gentleman name one single reserve bank that has refused to rediscount agricultural paper?

Mr. MORGAN. Can the gentleman tell me how many million dollars' worth of that kind of paper the entire reserve system has discounted?

Mr. WINGO. I am not interested in the statistics, but in practical relief.

Mr. MORGAN. While the Federal reserve act does make agricultural paper eligible for rediscount at the Federal reserve banks, as a matter of fact, if the gentleman had pursued his inquiry he would have found that the Federal reserve banks have rediscounted the notes of farmers only to a limited extent.

Mr. WINGO. Will the gentleman name a single one of the banks in Oklahoma that has had paper of that kind turned down by the Federal reserve bank?

Mr. SNYDER. Will the gentleman from Oklahoma allow me to ask the gentleman from Arkansas a question? Do I understand the gentleman from Arkansas to say that the Federal reserve banks are rediscounting unrated agricultural paper?

Mr. WINGO. Not unrated.

Mr. SNYDER. Where do they get the rates from?

Mr. WINGO. The Federal Reserve Board has made farmers' notes eligible for rediscount at the same rate as commercial paper for the same time, and they are now being rediscounted from Oklahoma in the Federal reserve bank at Kansas City.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that I may proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MORGAN. I have not the statistics at hand. I do know that the Federal reserve banks confine their discount business almost entirely to rediscounting what is known as commercial paper, and that term is well understood among bankers and the commercial world. The ordinary notes given by farmers to purchase seed, to buy implement and stock animals, or used to pay for improvements on land, or to employ labor, and to meet the household wants, covering 90 per cent of the loans obtained by farmers, are not commercial paper, and are not

eligible for rediscount at the Federal reserve banks. The agricultural paper accepted by the Federal reserve banks for rediscount is paper based upon transactions where agricultural products are the basis of a commercial transaction. Exporters, grain buyers, shippers, and middlemen, dealing in agricultural products, no doubt make notes eligible to rediscount by the Federal reserve banks. But the note of the average farmer is not commercial paper, and banks holding such paper can not use it at the Federal reserve banks. Now, the purpose of this corporation is to create an institution that may make advances to banks which have made loans to persons and corporations whose notes are not commercial paper. The corporation is to rediscount paper like the bulk of notes given by farmers, which is not commercial paper. I do not want any misunderstanding about this matter. I want the law made definite, specific, and certain. I do not want the rights of the farmers or the opportunity to increase food production to depend upon a construction of the statute. I want to make it plain that this big corporation, endowed by the Government with \$500,000,000 capital and given extraordinary powers, shall not confine its benefits to the big commercial and manufacturing corporations, to the railways, public-utility companies, and savings banks. If there is any way that this war-finance corporation can contribute to increased food production, I do not want to see it refraining from action by reason of doubtful authority.

Mr. Chairman, I hope no one will interrupt me.

Mr. PLATT. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. For just one question.

Mr. PLATT. The gentleman is a close student of finance and of rural questions, as his name indicates, for he is connected with the great Morgan family, but he has also introduced a very important bill for personal agricultural credits, and I want to know, if this amendment be adopted, whether or not it would not interfere with the passage, possibly, of his own bill to provide for personal credits.

Mr. MORGAN. I thank the distinguished gentleman from New York for his kind personal reference, but here is the point: Secretary McAdoo in the hearings—I can not give the page—was asked the question whether under the provisions of this bill agriculture could be given assistance, and, as I remember it, he expressed himself to the effect that it could. What is the condition to-day in North Dakota? The farmers are called upon to plant an increased acreage of spring wheat. In certain sections they have not the money to purchase the seed, and, consequently, there will be a limitation on the amount of spring wheat sown. The local banks can not furnish the necessary seed. My colleagues from Oklahoma know well that in the western part of Oklahoma last year there were a number of counties in the same condition, when an increased acreage of wheat would have been sown if there had been some way whereby the local banks could have furnished the money to purchase seed. There is nothing improper about this amendment. It is confined simply to where banks have made loans for the purpose of purchasing seed or in a way that will directly increase food production. Oklahoma and North Dakota do not alone suffer occasionally from crop failures. Why is it that this great corporation which we are creating, and I think wisely, should not have the power, in its discretion, to help out the banks in any locality where it is necessary to have increased funds to purchase seeds or to do something else that will directly increase food production?

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. For a question.

Mr. MOORE of Pennsylvania. Does not the bill provide for that very thing?

Mr. MORGAN. Does it? Does the gentleman say that the bill provides that they can make loans to banks and to farmers?

Mr. MOORE of Pennsylvania. That is not specifically stated in the bill.

Mr. MORGAN. That is the point I want to make specific.

Mr. MOORE of Pennsylvania. The bill already gives you that.

Mr. MORGAN. It may be it does, but it does not specifically. I want the banks in agricultural districts to know that when they render financial aid to farmers for purposes which will contribute to larger food production that they can have the assistance of the war finance corporation.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oklahoma [Mr. MORGAN].

The question was taken; and on a division (demanded by Mr. MORGAN of Oklahoma) there were—ayes 20, noes 45.

So the amendment was rejected.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word. I do not want the opportunity to compli-

ment the gentleman from Oklahoma to go by. I know how dear to his heart is the farmer. I know how he labors to obtain seed for the farmer, loans for the farmer, and other things for the farmer that the farmer needs. It might as well be admitted now as at any other time that the farmer has no more devout or devoted friend in this House than the gentleman from Oklahoma, the Hon. DICK MORGAN. In sunshine and in storm he seeks for the farmer those things that an unrelenting Congress does not seemingly yield. He fights on valiantly, confident that the farmers have rights, some of which may be superior to the rights of others. And I predict he will continue his fight until the last drop of blood leaves the veins of his body. But the gentleman can not get away without hearing a few words from the Secretary of the Treasury on this point. The gentleman apparently did not accept my suggestion that this bill provides the very thing for which he contends. He continued his eloquent and earnest plea for seeds and was supported on the vote by dozens of the other farmers' friends, who rose to declare their undying faith in the proposition submitted by the gentleman from Oklahoma. And there are some splendid and stalwart farmers' friends in this House—even from Pennsylvania they joined the cohorts. The bill, I am persuaded, contains what the gentleman wanted—the chance to borrow money for the farmer, for the farmer's seed, for the farmer's machinery, for everything that the farmer needs. But the opportunity to offer an amendment was not to be resisted. See you gallery filled with admiring farmers, horny-handed tillers of the soil, their plows and harrows idle in the ground, while they listen to this great discussion and see these splendid Representatives rise in their defense. [Laughter.]

But the Secretary of the Treasury was asked about this matter before the Committee on Ways and Means. After all these other institutions were considered, the Secretary was asked this:

Would farmers come in under the scope of this bill, or a farmers' association?

And he answered:

I think farmers would have the right, of course, to apply for relief if they could not get credit through the banks.

Think of it! If the farmer has nothing on which his bank will lend him money except his splendid reputation and his host of congressional friends, he can come in under this bill and still get money.

But—

Says the Secretary of the Treasury—

But farmers are now very well provided for in other ways.

Would you believe it, that the Secretary of the Treasury, also a devoted friend of the farmer, would make such an admission—that the farmer had been provided for in other ways? What if such damning evidence should penetrate the district of the gentleman from Oklahoma or those North Dakota or Pennsylvania districts so happily represented here by the farmers' friends?

The Secretary was asked:

You think farmers have already been provided for through farm-loan banks?

And the Secretary of the Treasury, the friend of the farmer, almost as much a friend as the gentleman from Oklahoma, I would say, said:

Yes. But in an exceptional case—

Think of it, farmers' banks, farmers' appropriations, farmers' agricultural bills. Even these are not sufficient to shut out this new loophole for the wretched, downtrodden farmer.

The Secretary of the Treasury says:

But in an exceptional case a farmer could apply to the War Finance Corporation for relief.

Mr. PLATT. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Is the gentleman a true farmer's friend?

Mr. PLATT. I am, sir. I want to know whether as a farmer I can borrow money from this corporation to buy an automobile? I need one badly.

Mr. MOORE of Pennsylvania. The gentleman can, if he is a friend of the farmer, on proof being made that he needs the automobile for war purposes or that his automobile adds anything to the production of food for our boys "over there." That is all you have got to prove. But it is a poor farmer, indeed, I would say to my friend, who has to ask for an automobile.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Does the gentleman qualify?

Mr. JOHNSON of Washington. Oh, I qualify as an old practical farmer. Does it not say somewhere else in this hearing that all one needs in order to get a loan is a postage stamp? Does not the Secretary say that?

Mr. MOORE of Pennsylvania. I can not say it goes that far. Mr. JOHNSON of Washington. In the House hearings—I wish I had them here.

Mr. MOORE of Pennsylvania. If a postage stamp will carry proof in this corporation that there is some farmer in the gentleman's State who can not borrow money at a local bank because he has not got anything to offer by way of collateral, and he can prove up that he needs the money for the purpose of raising food for our allies, possibly he could get some of these funds. Now, what more does the gentleman from Oklahoma want? [Laughter.]

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment will be withdrawn. There was no objection.

Mr. NORTON. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 60, line 2, after the word "business," insert "and including all agricultural industries."

Mr. NORTON. Mr. Chairman and gentlemen of the committee, we are always entertained when we listen to the gentleman from Pennsylvania [Mr. Moore], especially when he discusses agricultural questions and particularly when he discusses the welfare of the farmer. If there is any friend of the farmer in this House, if there is any man in this House who is more deeply interested in the farmer in a way in which the farmer does not care to have men interested in his welfare, it is the gentleman from Pennsylvania. The gentleman says that this bill permits, as it is now written, that loans may be made to farmers. That is true. I think, however, that it is well to write in this bill in specific terms that it is the intent and purpose of this Congress to extend the benefits of this act to the agricultural industries of this country. I believe that it is wise that there be added to line 2, on page 7, after the word "business," the amendment which I have offered, "including all agricultural industries."

I say this from the experience I have had with the Treasury Department and from the experience I have had with other departments of the Government in my endeavors to get some fair consideration for the agricultural interests of the country. While during the past year millions of dollars have been loaned to commercial industries in this country to carry on business connected with the war, I ask you to show me where the Government has loaned any considerable amount of money to the agricultural industries of the country?

Mr. GLASS. Will the gentleman yield? The Government loaned \$200,000,000 to them about three weeks ago.

Mr. NORTON. It is true that this Congress passed a bill providing an appropriation of \$200,000,000 to be used by the Federal Farm Loan Board, to be loaned to the farmers during the next two years, on the very best security existent in this country. In doing that the Government did for the farmers of this country, for the agricultural interests of the country, for the production of food in this country, very little in comparison to what the Nation has done for the financial, commercial, manufacturing, and shipbuilding interests in the district and the section of the country represented by the gentleman from Pennsylvania [Mr. Moore], who spoke so patronizingly concerning the farmers. One hundred million dollars or \$200,000,000—

Mr. DOWELL. Will the gentleman yield for a question?

Mr. NORTON (continuing). Is simply a bagatelle to what has been spent and to what has been advanced by the Government to industries in the State of Pennsylvania.

Mr. DOWELL. May I ask how much the gentleman from Pennsylvania [Mr. Moore] has secured from the Treasury of the United States in his district since he has been a Member of this body? Does the gentleman know?

Mr. NORTON. No. But I will say to the gentleman that \$200,000,000 in comparison with the amount that has gone in the direction of Pennsylvania since the gentleman from Pennsylvania, who spoke so lightly about the needs of the farmer, has been in this House is a mere bagatelle.

Mr. MOORE of Pennsylvania. Does not the gentleman think it was worth it all?

Mr. NORTON. I think the Hog Island incident that we have heard so much about during the past six weeks—

Mr. MOORE of Pennsylvania. That will be your greatest shipyard.

Mr. NORTON (continuing). May be considered one of those benefices of big business interests that have come from Pennsylvania to the Nation.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. WINGO. Mr. Chairman, I did not intend to say anything on this bill, but in some parts of the country, especially in the Southwest, there are efforts being made to embarrass the Government by leading the farmers to believe that they are being discriminated against in war activities, which is not true.

I believe that I have shown in a practical way that I am a friend of the farmer, and do not have to introduce bills and offer amendments in order to display that friendship. I should not speak now except that I do not want the farmers who may read the Record of to-day's proceedings and the statement of the gentleman from Oklahoma [Mr. MORGAN] to be misled into believing that the class of paper covered by his amendment is not taken care of, when as a matter of fact agricultural notes by existing law have a better privilege than that proposed by the amendment of the gentleman from Oklahoma.

Now, the gentleman says they are not doing it in Oklahoma. He is mistaken about that, and I think if he will investigate he will find the Federal reserve bank in Kansas City, the bank for the district in which Oklahoma is located, has accepted for rediscount all the agricultural notes presented to it from that State, and the long-term agricultural paper that has been accepted in that territory and is now held by the Federal reserve bank of Kansas City amounts to \$2,337,000. And the reason they have not got more is because they have not asked for more. And if the farmer of Oklahoma is complaining that he has not been given the short-term credit, or even the long-term credit, up to the limit of the Federal reserve act his local banker is to blame, and he ought to go to him and insist that he take advantage of the law and procure for his farmers funds, which he may do, at 4½ and 5 per cent.

Mr. MORGAN. Does the gentleman understand that when a farmer uses his note for six months to purchase wheat and things of that kind that his paper is subject to rediscount by the Federal reserve bank?

Mr. WINGO. If properly secured and indorsed, it is. If you will read the law, you will find that agricultural paper was given a longer classification than any other class of paper.

Mr. MORGAN. I know the gentleman wants to be right, as I do. I have read these hearings on this bill, and they show, according to Mr. Warburg and Mr. McAdoo, that the Federal reserve banks confine themselves almost exclusively to what is called commercial paper, and they do not use anything else, and the note of the farmer is not commercial paper. The kind of commercial paper used by these reserve banks is the agricultural paper of the shipper. It is not that of the average farmer.

Mr. WINGO. I venture the assertion that not a note of an Oklahoma farmer has been rejected by the Federal reserve bank if it was in due form and properly indorsed and presented for rediscount. But, to the contrary, the bank at Kansas City now holds over \$2,000,000 of agricultural notes which it has accepted and upon which Federal reserve notes were issued, or credit given, and at a rate of 5 per cent if due in more than 90 days and 4½ per cent if due in less time. And it does not charge any higher rate of interest upon the agricultural paper from Oklahoma under 90 days than it does on any other class of paper, such as the notes of the merchants and oil dealers. The increase of one-half of 1 per cent is controlled by the element of time, not the fact that it is agricultural paper. I repeat that if the farmers of Oklahoma have not had their notes rediscounted it is the fault of their local bankers, who can take their paper to the Federal bank at Kansas City and get the credit or Federal reserve notes they need.

The gentleman from Oklahoma overlooks the fact that the object of this bill is to take care of that class of securities that we excluded from the Federal Reserve System at the time it was created; that is, long-time investment paper. If the gentleman's amendment had been adopted it would not have added anything to the present law.

The bill as it is drawn now takes care of agricultural paper; and the Federal reserve banks are now under existing law taking care of all agricultural paper that is brought to them, and are taking care of it on the same terms that it gives commercial paper. As I said, the Kansas City bank now holds agricultural paper amounting to \$2,337,000; another holds \$4,124,000; and still another has \$1,744,000; and another \$1,217,000; and the reason why they do not hold more is because the farmers' notes in larger volume have not been presented to them. The Federal reserve bank can not go out and compel the farmers to take advantage of the provisions that have been made.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. MADDEN. That shows that the farmers do not need the class of credit the gentleman is talking about?

Mr. WINGO. They do need the class of credit the gentleman suggests, but we have already on short-term notes met their needs to the same extent as other classes. I agree with the gentleman that we ought to go further in establishing a system of short-term rural credits, but that proposition is not involved in this bill. We are dealing here with another proposition entirely.

By the Federal reserve act we provided for a note issue, called Federal reserve notes, against commercial paper running not longer than 90 days, and against agricultural paper due within six months, and such notes are now being issued at the rate of 4½ per cent on both classes of paper running not longer than 90 days, and at the rate of 5 per cent on farm paper running longer than 90 days. Later on, by the farm loan or rural credit act we provided long-time loans for the farmer at a low rate of interest. But under neither the Federal reserve act nor the farm loan act is any provision made for long-time industrial securities, and the object of this bill is to make some provision for such of this class of securities that have been issued by concerns engaged in war activities, but can not get relief because the Government by sale of war bonds has preempted the source of supply which was sufficient during times of peace, and it is to be done by a separate agency to be called the War Finance Corporation. In other words, we propose by this act to give the same relief during the war to long-time paper of war industries that by permanent law we have already given during both peace and war to commercial and agricultural paper. That is all there is to the proposition, and the farmer is not discriminated against by it.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. The question is on agreeing to the amendment offered by the gentleman from North Dakota.

The question was taken, and the amendment was rejected.

Mr. DILLON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DILLON: Page 5, strike out the word "bankers" wherever it appears in section 7.

Mr. DILLON. Mr. Chairman, this brings to the attention of the committee the question of whether the word "banker" should be retained in this bill or not. In section 7 the words "any bank, banker, or trust company" appear six times. It seems to me that the word "banker" ought to be eliminated from this phraseology in the six places where it occurs. The word "banker" means an individual. It is included in the words "bank or trust company." I see no good reason why we should make a special privileged class and allow the banker that special privilege when we deny it to other persons.

Section 9 in this bill allows loans to be made to individuals of every class. Let the banker take his place in section 9. There ought to be no objection to that. I hope my amendment may be adopted.

Mr. KITCHIN. Mr. Chairman, just a word. The gentleman must have stepped out momentarily a while ago, as I discussed this whole question.

Mr. DILLON. I know; but nothing was done with it. We left it in.

Mr. COOPER of Wisconsin. Mr. Chairman, I heard the last half of the explanation of the gentleman from North Carolina, which I could not quite comprehend as to why the word "banker" was left in there.

Mr. KITCHIN. It was done so that private bankers that are not chartered or incorporated, who loan money to these necessary war industries, should have the privilege of these advances. Why should they not?

Mr. COOPER of Wisconsin. Why do not you say it, so that it does not require a technical interpretation? Why not make the language of the statute express clearly and precisely what you mean, using apt language?

Mr. KITCHIN. Because I understand that every man in the banking business, the whole banking world, understands that the word "banker" implies a private banker or a firm of private bankers. That is the distinction made in the Virginia laws and in the North Carolina laws, and Mr. Warburg says that is what is understood in the banking world. He explains that very thoroughly in his testimony. That is the reason why the word "bankers" is put in.

Mr. COOPER of Wisconsin. I think the language should be such as would convey the proper meaning to the average reader. If you go into any town in the country and ask what is this

man's business they will say, "He is a banker." That is what they will say. "He is a banker."

Mr. KITCHIN. Take the Bethlehem Steel Works, and the question is asked, Who is Mr. Schwab? and the reply is that he is a steel manufacturer. Let me say to the gentleman that we are using the technical language, the intelligible language, the usual language that is used in all banking circles.

Mr. COOPER of Wisconsin. You say that a man is a merchant because he conducts a business of buying and selling goods. A man is a banker if he is president of a national bank—that is his business.

Mr. KITCHIN. He is in the banking business; he is an officer of the bank.

Mr. COOPER of Wisconsin. Then why do not you use the language in full in your statute which you referred to a moment ago and say "a person conducting the business of a private banker"?

Mr. KITCHIN. I do not think that it would add to it at all. I think it is so well understood by all who would deal with the concern, all who would construe the language, that there is no use of adding to it. I see what the gentleman is trying to get at.

Mr. O'SHAUNESSY. I think that the gentleman from Wisconsin is identifying the man in the banking business or corporation or firm engaged in a general banking business, while the gentleman from North Carolina refers to the man who would be a banker, although in a subordinate capacity; but the fact is he would not be loaning money.

Mr. KITCHIN. The gentleman from South Dakota wanted to strike out the word "bankers" because it would let in private bankers.

Mr. DILLON. Let me submit this proposition. Here is a banking institution which has a president, a vice president, and a cashier. Now, they are all bankers, and each one of these individuals could come in and get protection under this bill.

Mr. KITCHIN. Oh, no.

Mr. DILLON. Oh, yes; because they are bankers. The bank comes under the protection of the bill and the cashier can get protection and the vice president or the president can get protection.

Mr. KITCHIN. Oh, no; the gentleman is in error.

Mr. DILLON. Is not the president of a bank a banker?

Mr. KITCHIN. No; he is an officer of the bank.

Mr. MADDEN. I think what is meant by a banker is an investment banker, a man who places bonds, buys and sells them, and deals in mortgages; he is a banker.

Mr. KITCHIN. Yes. Investment bankers would be one class of bankers who would come within the classification of a banker.

Mr. JOHNSON of Washington. Mr. Chairman, for the purpose of calling the attention of the gentleman from Pennsylvania to the "postage-stamp" cost of application of getting a license, to which I referred in asking him a question, I want to read from page 77 of the hearings before the committee:

Mr. CRISP. Mr. Secretary, what expense would attach to a corporation or an individual seeking to put securities on the market for the licensing permit to offer such securities?

Secretary McABOE. None whatever. It would involve the postage on their request or the payment of railroad fare to Washington to present their case, or, if they employed a lawyer, the payment of a fee to the lawyer to present the case for them. I think, however, that a lawyer would not be necessary.

So it will amount almost to an invitation. These hearings will be widely read. The cry will be, "On to Washington; on to Washington. Loans for everybody. Dig into the Treasury." Farmers will apply, regardless of their rights or what they think their rights are with the Federal reserve bank. Bring on your short-line railroads, bring on your old sawmills, your business propositions. Of course, they will not all get into the public chest, but they will try.

Mr. MOORE of Pennsylvania. The gentleman has recalled a very interesting piece of testimony. It is true that the Secretary did say that it would not be necessary for the applicant to employ a lawyer. Therefore, if the farmers in Oklahoma and North Dakota desired to apply, they could do it by means of a postal card.

Mr. JOHNSON of Washington. Yes; and the cry goes merrily on, "Let Uncle Sam do it." Let Uncle Sam raise the money, lend it, give it away, run the railroads, the telephones, the telegraph, build houses, build towns, do the work, run the farms, conduct the markets, carry on a high-grade brokerage business, and win the war.

Mr. MORGAN. The farmers will not get very far?

Mr. JOHNSON of Washington. It is not likely they will get very far.

Mr. MOORE of Pennsylvania. On the other hand, it will let the farmer in.

Mr. JOHNSON of Washington. Well, there is likely to be a grand rush, anyway. Another governmental corporation—an-

other great bureau. Once started, how can it stop? I see by the Shipping Board News, the official newspaper of the Shipping Board Corporation, that that corporation is talking of commandeering four or five banking buildings in the city for additional space in which to do business. I see also that Congress is scolded for not giving the board a fine building of its own. And I saw in both of yesterday's local afternoon papers an inspired dig at Congress, criticizing this body because it is not more active in getting out the District housing bill. The attitude of the men who inspired these particular articles seems to be that the biggest war measure is the housing in the city of Washington.

There has come to Washington an army of publicity agents to represent the new activities of the Government. Each publicity expert contends that the particular activity which he represents is the only real governmental activity; that the agency for which he boosts is the one which will win the war. Confidently, he will tell you that the other activities do not amount to much; that investigation is needed; that money is squandered, and so on. Why, it seems that official press agency publicity is running riot. And the great bureaus and governmental corporations encourage it. Give them an inch and they take an ell, war or no war. Their free Government newspapers and their advance notices swamp the mails. They will not stop. They have got the money and the power.

One great trouble with all these sort of bills is that Congress does not seem to retain enough control. A great bureau is established and started, and away it goes. The Food Administration went far. The Fuel Administration went further. And this money administration will go a little further and last longer than any other. No one can see its end. Few seem to care to tie any sort of string to this \$500,000,000 in cash or to look into the future concerning a couple of billion dollars worth of a new kind of "near" Government bonds.

The bill is still unamended. But section 9 and other sections are still to be considered. I am glad the consideration goes over to another day.

I withdraw the pro forma amendment.

The CHAIRMAN (Mr. HUMPHREYS). The pro forma amendment is withdrawn. The question is on the amendment offered by the gentleman from South Dakota [Mr. NORRIS].

The question being taken, the amendment was rejected.

The Clerk read as follows:

SEC. 8. That the corporation shall be empowered and authorized to make advances from time to time, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding one year, to any savings bank, banking institution or trust company, which receives savings deposits, or to any building and loan association, on the promissory note or notes of the borrowing institution, whenever the corporation shall deem such advances to be necessary or contributory to the prosecution of the war or important in the public interest: *Provided*, That such note or notes shall be secured by the pledge of securities of such character as shall be prescribed by the board of directors of the corporation, the market value of which, at the time of such advance (as estimated and determined by the board of directors of the corporation) shall be equal in amount to at least 133 per cent of the amount of such advance: *And provided further*, That the rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrowing institution is located. The corporation shall retain power to require additional security at any time.

Mr. BURROUGHS. Mr. Chairman, I desire to offer an amendment.

Mr. KITCHIN. I should like to say that if we can finish section 8 by 5:30 we will rise and go on to section 9 to-morrow. I simply want to make that statement, so that we will not have a prolonged debate and go into other matters, but so that we can rise at 5:30.

The CHAIRMAN. The gentleman from New Hampshire offers an amendment, which the Clerk will read:

The Clerk read as follows:

Amendment offered by Mr. BURROUGHS: Page 8, line 10, after the word "advance," insert a comma and after the comma insert the following words: "except in the case of a mutual savings bank."

Mr. BURROUGHS. Mr. Chairman and gentlemen, I will take only a minute to explain what I have in mind by this amendment. I tried to cover it in my remarks this morning. Frankly, the effect of it will be to eliminate the mutual savings banks; I mean those savings banks that do not have any capital stock and whose whole profits go to the small depositors; it will exempt them from the terms of this proviso, so that the restrictive interest rate, the discriminatory interest rate of 1 per cent in addition to that imposed by the Federal Reserve Bank in that district, shall not apply in the case of a mutual savings bank. I see no reason why it should apply to them.

Mr. MADDEN. Will the gentleman yield?

Mr. BURROUGHS. With pleasure.

Mr. MADDEN. Will the gentleman state the reason why it should not apply?

Mr. BURROUGHS. My reason for offering this amendment, and the reason why this proviso should not apply to the mutual savings bank—

Mr. MADDEN. That is what I am interested in.

Mr. BURROUGHS. Is because the mutual savings bank is not a profit-making proposition to any stockholder. It has no capital stock whatever.

Mr. GLASS. Is it not a profit-making institution to its depositors?

Mr. BURROUGHS. Certainly.

Mr. MADDEN. Is not that merely a difference in terms?

Mr. BURROUGHS. It seems to me that the distinction is very clear and that we ought not to discriminate here in any way against these mutual savings banks.

Mr. GLASS. As I understand it, we are not discriminating against them, but what the gentleman is trying to do is to make of them a privileged class.

Mr. BURROUGHS. I understand we have just adopted a section which is for the benefit of all bankers, banks, and banking institutions, which does not contain this discriminating interest rate. I find nothing in that section which relates to it.

Mr. LONGWORTH. But that section relates to banks which have loaned money to war concerns.

Mr. BURROUGHS. This whole thing is in the interest of the war.

Mr. LONGWORTH. No; this applies only to matters of public interest.

Mr. BURROUGHS. What can be more a matter of national interest than the maintaining of deposits in the great savings banks of this country?

Mr. SMITH of Michigan. Will it not give the mutual savings banks an advantage over the other banks, if they are excepted from this proviso?

Mr. BURROUGHS. No; it will not give them any advantage so far as I can see, any more than they should have. I think a mutual savings bank, not being engaged in business for profit for any stockholder, should not be discriminated against.

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. BURROUGHS. Yes.

Mr. HICKS. These mutual savings banks can not make loans to any corporation that is engaged in the manufacture of munitions. They are restricted in their loans, and therefore why should they get the benefit of this provision?

Mr. BURROUGHS. The mutual savings banks can make loans now, can they not, if they see fit to do so?

Mr. HICKS. They can not make outside commercial loans in the sense that these other banks can.

Mr. BURROUGHS. True enough; but I can not see why you should put a discriminating interest rate on the savings banks. I would strike it out as against all savings banks. Why should you put a discriminating rate of interest against savings banks, when you have not imposed such a rate on any of the other banks in the preceding section? You certainly seem to me to have made a discrimination here against the savings banks.

Mr. MADDEN. I will ask the gentleman to show where?

Mr. BURROUGHS. I say you have not put the provision in the preceding section, while you have put it in the section relating to the savings banks.

Mr. MADDEN. The conditions under which the banks in the preceding sections are treated are totally different from the conditions under which these banks are treated.

Mr. KITCHIN. Mr. Chairman, the first banking class provided for in section 7 is not to help the banks, but is to help the war industries. The War Finance Corporation gets a double security. It gets not only the war-industry notes as a security, but also the notes of the bank that loans the money to the war industry. The corporation makes no extra charge in such cases, because the advance is not made for the interest of the banks, but the corporation gets the bank's note and as additional security the note of the war industry and the assets behind the loan. Therefore we do not charge that bank anything additional, for the reason that if we charged that bank 1 per cent more than the prevailing rate, that bank would have to charge the war industry that we propose to help in that section 1 per cent more, and therefore it would not help the war industry, because it would not pay it. We provided the 1 per cent additional on savings banks for the reason that the money loaned to the savings bank is going to be loaned direct by this corporation and for the interest of the savings bank. We do not require the savings bank, before it can get any of this money, to loan the money to a war industry, but we simply require that the savings bank shall be important to the national interests, and it is to protect the savings bank, and it is doing it to protect its life for its interest. Therefore we put the sav-

ings bank upon the same terms as we do any other direct loan by the corporation.

If the corporation, under section 9, made a direct loan to the du Ponts or to the Bethlehem, it would charge the du Ponts and the Bethlehem that 1 per cent extra, just exactly as it would charge the savings bank. Why? Because nothing is added to the security of the du Pont or the Bethlehem for this direct loan, but if it makes the du Pont go through the bank channels, then it would have the security of the bank added to that of the du Pont Co., and it would not charge the 1 per cent extra.

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

Mr. BURROUGHS. I ask for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURROUGHS. In reply to the remarks of the gentleman from North Carolina I wish to quote from the testimony of Mr. Warburg before the House committee. It is found on pages 36 and 37 of the hearings. Mr. Warburg was questioned about this matter by Mr. FORDNEY, of the committee:

Mr. FORDNEY. What is the maximum rate of interest charged now by the Federal reserve banks for commercial loans? I ought to know, but I am not positive that I do know.

Mr. WARBURG. Five and a half per cent is the highest, and that is for six months.

Mr. FORDNEY. Then this law provides not to exceed 1 per cent above that amount?

Mr. WARBURG. I think that limit probably would drop out if you removed the 90-day limit.

You must remember that this bill as it was originally drawn provided that these loans to savings banks should not exceed 90 days. Now the bill is changed, and it is not limited to 90-day notes, but these loans may be made for the limit of a year, so that Mr. Warburg says:

I think that limit—

Meaning the 1 per cent limit of interest to which I have referred—

I think that limit probably would drop out if you would remove the 90-day limit, because that was only to serve as an index for 90-day loans. If you decide to make these savings banks loans up to one year, I think then you want to strike out the limit entirely and leave it to the board of directors.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURROUGHS. I would ask for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman? [After a pause.] The Chair hears none.

Mr. BURROUGHS. Mr. Warburg says further:

If you decide to make these savings-banks loans up to one year, I think then you want to strike out the limit entirely and leave it to the board of directors; and I think it is very important that the board of directors should have a free hand in fixing those rates of interest, because you can not put down any rule which would cover a one-year loan and a five-year loan at the same time.

Mr. KITCHIN. Will the gentleman yield for a question?

Mr. BURROUGHS. I will.

Mr. KITCHIN. Would not the gentleman's amendment at once practically destroy the stock savings banks? Is not the discrimination against them? If the mutual savings bank has four times more deposits than the stock savings bank and can get its money from this corporation at 1 per cent less rate of interest than the stock savings bank, would it not be very unfair and unjust and discriminatory?

Mr. BURROUGHS. It does not seem so to me; if I may be permitted to put my judgment against that of the distinguished chairman of the committee. But even if it is, it seems to me to be a justifiable discrimination because of the clear distinction between the mutual savings bank, which is in no sense engaged in a profit-making business for any stockholders, but whose whole profit goes to the benefit of its large number of small depositors who make up the working classes of the community, and the stock bank, which is engaged in the profit-making business and whose whole profits go to the benefit of its stockholders. I am entirely willing and I understand the mutual savings banks are entirely willing to trust their case to the directors of this corporation as to the rate of interest they shall pay. That is what my amendment contemplates. It would leave the fixing of the rate of interest entirely in the hands of the directors of this corporation. These directors might see fit to make the rate as great as the minimum rate prescribed by the bill. Why can you not trust them to exercise this power wisely? Why attempt to fix by law a minimum rate of interest that the mutual savings banks of this country must pay in order to protect themselves against the withdrawal of their deposits in this war emergency? Especially why do you do this when you have not done it in the case of advances to be made to banks, bankers, and trust companies under the preceding section of this bill? I think the savings bank, which is to a greater extent than any

other bank we have the people's bank, should be entitled at least to as fair treatment as you accord to other banking institutions of the country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GLASS. Mr. Chairman, the distinction presented here of a bank that is not a money-making institution for its stockholders but is a money-making institution for its depositors and a bank that makes money for its stockholders and not its depositors is a distinction practically without a difference in the final analysis. No more dangerous or unreasonable proposition has been presented to this House than that presented by the gentleman from New Hampshire. He is proposing that banking institutions which have never borne one particle of the burden of the Federal Reserve System shall, so to speak, be made "God's chosen people," a privileged class unto itself, and granted loans at 1 per cent interest lower than that accorded banks which have borne the burden of the Federal Reserve System from the beginning. I think it is a misfortune—it is distressing—that it was found necessary at all to put this provision in the bill. I concede that perhaps it was essential to do so; but, as I understand it, it was put there to serve a more or less psychological purpose—to use a term that is somewhat threadbare—to prevent possible embarrassment to savings banks. There is some apprehension that persons desiring to invest in liberty-loan bonds bearing an inviting interest rate, as well as persons desiring, from purely patriotic promptings, to aid the war by investing in Government securities, might withdraw their deposits from the mutual savings banks. And in order to give assurance and stability to these banks this provision is put in, according to them, upon the same terms that prevail as to all other banks, the right to obtain loans with which to replenish their vaults when deposits are withdrawn. The investment securities of mutual savings banks are not eligible to rediscount operations in the Federal Reserve System. This bill gives them a status. But to put them on a privileged basis, giving them rediscount at a less rate than is given commercial banks of the Federal Reserve System using the same class of securities, would be to clutter up the Federal reserve banks with long-time maturities. That would simply prove disastrous.

Mr. BURROUGHS. Will the gentleman yield?

Mr. GLASS. I will.

Mr. BURROUGHS. Is it the gentleman's idea that this legislation is for the purpose of relieving burdens that now rest upon the Federal Reserve System?

Mr. GLASS. I do not exactly comprehend the gentleman's question. The purpose of the proposed legislation is not simply to relieve burdens of the Federal Reserve System; that system can carry its own burdens easily. The purpose of this bill is to finance this war in general and in particular to finance those banking institutions that have loaned or shall loan money to concerns and corporations that are engaged in producing supplies whereby the war may successfully be conducted. Another purpose of the measure is to help the refunding operations of great corporations, the failure of which might embarrass the whole financial situation of the country.

But surely the bill is not designed to make a favored class of banking institutions that have not borne any of the burdens of the Federal Reserve System or to discriminate against banks that are taxed to maintain the system.

Mr. LONGWORTH. Does not the gentleman think that the only reason this section should be in the bill is that it would prevent a calamity that might come from the collapse of the saving institutions?

Mr. GLASS. Yes.

Mr. LONGWORTH. And that is the only reason it is in this bill.

Mr. KITCHIN. And not for the benefit of the war industries or the prosecution of the war.

Mr. MOORE of Pennsylvania. And this paragraph was put in here to meet just such an emergency as might arise in case of a raid on the savings funds.

Mr. ROWE. Mr. Chairman, I believe that this amendment is absolutely essential. In the first place, it is wrong to say that the mutual savings banks have no part in carrying the burden of this war. If you will look over the statistics you will find that they are the only banks that have lost in deposits during the sale of United States bonds. These bonds have been sold so extensively to people of small means that the money has been withdrawn from the savings banks of the country.

Now, with this provision in the bill the savings banks can not take advantage of it, and you might as well leave it out. The savings banks deal only in money at low rates. They can not talk of money at above 4 per cent. To-day in the city of New York, for instance, the Federal reserve banks are rediscounting paper at 4½ per cent. Add 1 per cent to that and you have 5½

per cent—a prohibitive rate. The savings banks can not pay it, for on the money that is deposited with them in the city of New York they pay 4 per cent. Over the entire country they are now paying 4 per cent, and this interest goes entirely to the poor man, for in the State of New York and in many of the New England States they are limited to the payment on deposits not to exceed \$3,000. It is just the poor man's bank. The average deposits in the State of New York are \$576.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROWE. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ROWE. The money is being taken very largely out of the savings banks to pay for the small bonds, and the savings banks are the very institutions that are going to suffer. All the State and national banks have to-day more money on deposit than they had when this Government began to sell Liberty bonds. It is time we were thinking of the common people and the people of small properties, to whom the savings banks have opened their doors. These savings banks have sold and are selling the bonds of the Government over their counters, knowing that the people were going to take deposits out of their banks to pay for them.

Mr. GLASS. Have not all banks done that?

The CHAIRMAN. Will the gentleman yield?

Mr. ROWE. I can not yield.

Now, this amendment does not change the law in reference to banking. For all commercial banks this board of directors is to fix the rate of interest. Why not fix it for the savings banks also?

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire [Mr. BURROUGHS].

Mr. HAYES. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, it will be again read.

The amendment was again read.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire [Mr. BURROUGHS].

The question was taken, and the amendment was rejected.

Mr. WALSH. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the committee the reason for the concluding sentence of this section:

The corporation shall retain power to require additional security at any time.

Does that mean in addition to the security the market value of which shall amount to at least 133 per cent they can come in the next day and say, "You must put up security to raise that to 175 per cent"?

Mr. KITCHIN. Of course, they will have that power, just like every bank does, and to have every loan it makes secured by collateral. I think that I have borrowed about as much money on little notes as anybody, and I do not think that I ever put up one that did not have that provision in it; and this is to give the corporation power to protect itself. If my security had depreciated, say, from 133 per cent down to 75 per cent, I would have to put up additional security.

Mr. WALSH. I appreciate that they should have that power, but here these directors would make a loan on being satisfied that the securities pledged were 133 per cent of the amount, and the next day, without any change, they might come in and require additional security.

Mr. KITCHIN. I would say that under that language they could do it, just like the banks can do it under the notes they take. Of course, this corporation would not do it, because the very object and purpose of the bill is to loan money to these concerns that are contributing to the war.

Mr. WALSH. Of course, I agree that the directors ought to have that power in the case of depreciation in the value of the securities; but by this very broad language here it is not limited to such instances as that.

Mr. KITCHIN. I think it is an additional safeguard. I am sure they will never use the power in the way the gentleman thinks.

Mr. WALSH. I simply wanted to get the idea of the committee. I withdraw the pro forma amendment.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

Mr. KITCHIN. Mr. Chairman, I wish to offer an amendment. On page 7, section 8, line 22, after the word "company," insert "in the United States"; and in line 23, page 7, after the word "association," insert "in the United States." Then that harmonizes with the other.

The CHAIRMAN. The gentleman from North Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 7, line 22, after the word "company," insert the words "in the United States"; and in line 23, after the word "association," insert the words "in the United States."

The CHAIRMAN. The question is on agreeing to the amendment proposed by the gentleman from North Carolina.

The amendment was agreed to.

Mr. KITCHIN. Is there any other amendment to be offered to section 8? If not, we will read section 9, and then I will move to rise.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 9. That the corporation shall be empowered and authorized, in exceptional cases, to make advances directly to any person, firm, corporation, or association conducting an established and going business in the United States whose operations shall be necessary or contributory to the prosecution of the war (but only for the purpose of conducting such business in the United States and only when such person, firm, corporation, or association is unable to obtain funds through banking channels or from the general public), for periods not exceeding five years from the respective dates of such advances, upon such terms and subject to such rules and regulations as may be prescribed by the board of directors of the corporation. In no case shall the aggregate amount of the advances made under this section exceed at any one time an amount equal to 10 per cent of the sum of (1) the paid-in capital stock of the corporation at such time plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding at such time. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of a market value at the time of such advance (as estimated and determined by the board of directors), equal to at least 133 per cent of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time. The rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrower is located.

The corporation shall file quarterly reports with the Secretary of the Senate and Clerk of the House of Representatives, giving the name and place of business of each person, firm, corporation, or association receiving advances under this section, the amount advanced, the terms, and the security accepted therefor.

Mr. HAYES. Mr. Chairman, I move to strike out the section.

The Chairman. The gentleman from California moves to strike out the section.

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10608) to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and for other purposes, and had come to no resolution thereon.

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to extend his remarks in the Record.

Mr. KITCHIN. On this bill?

Mr. MORGAN. Yes.

The SPEAKER. On the pending bill.

Mr. ROBBINS. Mr. Speaker, I ask the same privilege.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that all gentlemen who participated in the debate on this bill, either in the general debate or under the five-minute rule, be given the privilege of extending their remarks in the Record within five days.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

LEAVE OF ABSENCE.

Mr. SMITH of Michigan. Mr. Speaker, I wish to ask a few days' leave of absence for my colleague, Mr. FORDNEY, on account of illness.

The SPEAKER. The gentleman from Michigan asks unanimous consent for leave of absence for his colleague, Mr. FORDNEY, indefinitely, on account of illness. Is there objection?

There was no objection.

COMMITTEE TO ATTEND FUNERAL OF THE LATE REPRESENTATIVE CAPSTICK.

The SPEAKER. The Chair wants to make an announcement before he forgets it. The gentleman from California [Mr. HAYES] can not go on the Capstick funeral party on account of public business, and the Chair appoints Mr. SWIRT, of New York, in his place.

NAVAL APPROPRIATION BILL.

Mr. PADGETT, by direction of the Committee on Naval Affairs, reported the bill (H. R. 10854) making appropriations for

the naval service for the fiscal year ending June 30, 1919, and for other purposes, which, with the accompanying report (No. 393), was ordered printed and referred to the Committee of the Whole House on the state of the Union.

Mr. BROWNING. Mr. Speaker, I reserve all points of order on the bill.

EXTENSION OF REMARKS.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

Mr. KITCHIN. On what?

Mr. CRAMTON. On the censorship rule with reference to casualty lists—a brief statement.

The SPEAKER. The gentleman from Michigan asks unanimous consent to extend his remarks in the Record on the censorship rule with reference to the casualty list. Is there objection?

Mr. KITCHIN. Reserving the right to object, is it your remarks, or some newspaper, or what?

Mr. CRAMTON. It is some remarks that I hope to incorporate. It will all be a very brief statement. I will incorporate some data that I could not prepare otherwise.

Mr. KITCHIN. I wish the gentleman would withhold that to-night and ask for it some other time.

The SPEAKER. Does the gentleman from North Carolina object?

Mr. CRAMTON. It is a very brief statement.

Mr. KITCHIN. I suggest that the gentleman withdraw his request now and make the request later.

Mr. CRAMTON. I think I will let the gentleman object, if he prefers to. It is a very brief statement, however.

Mr. KITCHIN. I will object.

The SPEAKER. The gentleman from North Carolina objects.

CALENDAR WEDNESDAY.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday to-morrow be dispensed with.

The SPEAKER. The gentleman asks unanimous consent to dispense with Calendar Wednesday business to-morrow. Is there objection?

Mr. GILLET. Is it the purpose to go on with this bill to-morrow?

Mr. KITCHIN. Yes; and I want to say that if Members will attend pretty well to-morrow we can finish this bill, and on Thursday we will be able to take up the Madden bill, the postal employees' bill, under the rule, and we hope to get through with that on Thursday. I am sure that absent Members on both sides have been notified that that bill will probably come up on Thursday. I hope the debate under the five-minute rule to-morrow will be confined to the amendments offered, so we can get along without so much outside debate.

Mr. BROWNING. Mr. Speaker, I reserve the right to object, although I shall not object eventually. Quite a number of the Members of the House will be absent to-morrow on official business, and I think most of them would like to have the privilege of voting on this bill, especially if there is to be a record vote.

The SPEAKER. If the Chair was going to guess about it, he would guess that they will have that chance.

Mr. KITCHIN. There will be no trouble about the statement being made in the Record that all those who are in favor of the bill would vote for it if they were present.

Mr. BROWNING. The gentleman knows as well as I do that there are some 16 Members of the House who are going to be absent to-morrow in attendance on the funeral of our late colleague, Mr. CAPSTICK, and if the vote were to be taken on Thursday we would all be back and have the opportunity to be recorded on this bill.

The SPEAKER. The gentleman from North Carolina [Mr. KITCHIN] asks unanimous consent to do away with Calendar Wednesday business to-morrow. Is there objection?

There was no objection.

BOHEMIAN NATIONAL ALLIANCE.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to print in the Record a general resolution of the Bohemian National Alliance, which contains a great deal of valuable information that I know the Members of the House will be pleased to have.

The SPEAKER. The gentleman from Illinois [Mr. SABATH] asks unanimous consent to extend his remarks in the Record by printing certain data which he mentions. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

ADJOURNMENT.

Mr. KITCHIN. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 45 minutes p. m.) the House adjourned until to-morrow, Wednesday, March 20, 1918, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. CARTER of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (H. R. 10590) to provide for a determination of heirship in cases of deceased members of the Cherokee, Choctaw, Chickasaw, Creek, and Seminole Tribes of Indians in Oklahoma, conferring jurisdiction upon district courts to partition lands belonging to full-blood heirs of allottees of the Five Civilized Tribes, and for other purposes, reported the same with amendment, accompanied by a report (No. 392), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. LINTHICUM, from the Committee on Pensions, to which was referred the bill (H. R. 10843) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, reported the same without amendment, accompanied by a report (No. 390), which said bill and report were referred to the Private Calendar.

Mr. LONERGAN, from the Committee on Invalid Pensions, to which was referred the bill (H. R. 10850) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war reported the same without amendment, accompanied by a report (No. 391), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ROBBINS: A bill (H. R. 10844) authorizing the Postmaster General to cancel or readjust contracts entered into between the Post Office Department and contractors and carriers of mail over star routes or rural routes; to the Committee on the Post Office and Post Roads.

By Mr. CARY: A bill (H. R. 10845) to provide for the acquisition, ownership, and operation by the Commissioners of the District of Columbia of all gas and electric lighting systems in the District of Columbia; to the Committee on the District of Columbia.

By Mr. MILLER of Minnesota: A bill (H. R. 10846) granting reduced rates on railroads within the United States to persons in the military and naval service of the United States; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 10847) to prohibit hotels and innkeepers in the District of Columbia from charging extortionate rates of persons in the military and naval service of the United States; to the Committee on the District of Columbia.

By Mr. DOREMUS: A bill (H. R. 10848) for improvements and alterations of the Federal building at Detroit, Mich.; to the Committee on Public Buildings and Grounds.

By Mr. PADGETT: A bill (H. R. 10849) to establish certain new ratings in the United States Navy; to the Committee on Naval Affairs.

By Mr. WEBB: A bill (H. R. 10851) to provide a method for disposing of intoxicating liquors now or hereafter in the possession of United States court officials; to the Committee on the Judiciary.

By Mr. TILSON: A bill (H. R. 10852) to provide for the appointment of a commission to standardize screw threads; to the Committee on Coinage, Weights, and Measures.

By Mr. NORTON: A bill (H. R. 10853) to provide further for the national security and defense by authorizing the President to take possession and assume control of packing plants and other enterprises engaged in the slaughtering of cattle, hogs, and sheep for food, or in curing, preserving, or packing beef, pork, or other meats, or in the manufacture of by-products therefrom; to the Committee on Agriculture.

By Mr. PADGETT: A bill (H. R. 10854) making appropriation for the naval service for the fiscal year ending June 30, 1919, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. SIEGEL: Resolution (H. Res. 285) expressing the hope that Representative LaGuardia may speedily recover and

authorizing the expenditure of \$1,000 from the House contingent fund to be paid to him; to the Committee on Accounts.

By Mr. MASON: Joint resolution (H. J. Res. 267) directing the Secretary of War to correct report on casualties; to the Committee on Military Affairs.

By the SPEAKER (by request): Memorial of the Legislature of the State of Montana to pass an amendment to the Federal Constitution, and submit the same to the several States for ratification, extending and giving throughout the United States the right of suffrage to women; to the Committee on Woman Suffrage.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LINTHICUM: A bill (H. R. 10843) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; to the Committee of the Whole House on the state of the Union.

By Mr. LONERGAN: A bill (H. R. 10850) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; to the Committee of the Whole House on the state of the Union.

By Mr. BRODBECK: A bill (H. R. 10855) granting a pension to Noah Stump; to the Committee on Pensions.

By Mr. CARAWAY: A bill (H. R. 10856) granting an increase of pension to John Small; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10857) granting an increase of pension to Horace B. Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10858) granting an increase of pension to Clara J. Shoemaker; to the Committee on Invalid Pensions.

By Mr. CONNELLY of Kansas: A bill (H. R. 10859) granting an increase of pension to James Walton; to the Committee on Invalid Pensions.

By Mr. DAVIDSON: A bill (H. R. 10860) granting an increase of pension to Lawrence Miricle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10861) granting an increase of pension to John N. Stone; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10862) granting an increase of pension to William H. Chapin; to the Committee on Invalid Pensions.

By Mr. DEWALT: A bill (H. R. 10863) granting a pension to Emma Rogers; to the Committee on Pensions.

By Mr. DOREMUS: A bill (H. R. 10864) for the relief of William J. Nagel, postmaster, Detroit, Mich.; to the Committee on Claims.

By Mr. DOWELL: A bill (H. R. 10865) granting an increase of pension to James F. McLuen; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 10866) granting a pension to Etta C. Bartholomew; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 10867) granting an increase of pension to William H. Thomas; to the Committee on Invalid Pensions.

By Mr. ELSTON: A bill (H. R. 10868) granting an increase of pension to De Witt W. Toll; to the Committee on Pensions.

By Mr. FRENCH: A bill (H. R. 10869) for the relief of Me-yone-yah; to the Committee on Indian Affairs.

By Mr. GODWIN of North Carolina: A bill (H. R. 10870) granting an increase of pension to John L. Skinner; to the Committee on Invalid Pensions.

By Mr. KEY of Ohio: A bill (H. R. 10871) granting an increase of pension to Moses Reeves, jr.; to the Committee on Invalid Pensions.

By Mr. LEA of California: A bill (H. R. 10872) granting an increase of pension to Walter J. Shelley; to the Committee on Pensions.

By Mr. MILLER of Minnesota: A bill (H. R. 10873) for the relief of Humphrey Jones; to the Committee on Claims.

By Mr. NEELY: A bill (H. R. 10874) granting an increase of pension to Inez M. Batson, etc.; to the Committee on Pensions.

Also, a bill (H. R. 10875) granting an increase of pension to Thaddeus Clark; to the Committee on Invalid Pensions.

By Mr. NORTON: A bill (H. R. 10876) granting a pension to Ella Sinclair; to the Committee on Invalid Pensions.

By Mr. OVERMYER: A bill (H. R. 10877) granting a pension to James Moore; to the Committee on Invalid Pensions.

By Mr. ROBBINS: A bill (H. R. 10878) authorizing the Postmaster General to cancel or readjust the mail contract of M. D. L. Brooks, of Jones Mills, Pa., contractor and carrier on star route

numbered , between Mount Pleasant and Jones Mills, Pa.; to the Committee on the Post Office and Post Roads.

By Mr. RUBEY: A bill (H. R. 10879) granting an increase of pension to John Clark; to the Committee on Invalid Pensions.

By Mr. SHOUSE: A bill (H. R. 10880) granting a pension to Nora Harris; to the Committee on Pensions.

Also, a bill (H. R. 10881) granting an increase of pension to Almeron D. Martin; to the Committee on Invalid Pensions.

By Mr. STRONG: A bill (H. R. 10882) granting an increase of pension to Robert Kelly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10883) granting a pension to Lena Demozzi; to the Committee on Pensions.

By Mr. THOMAS: A bill (H. R. 10884) granting an increase of pension to Bradford P. Thornberry; to the Committee on Invalid Pensions.

By Mr. WEBB: A bill (H. R. 10885) for the relief of F. E. Taylor and B. C. Broom; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Memorial of Railway Technical Engineers, asking for increased compensation for the civil engineers in railroad work; to the Committee on Appropriations.

Also (by request), memorial of the Plastic Club, of Philadelphia, favoring military rank for nurses; to the Committee on Military Affairs.

Also (by request), petition of the members of the Campbell Farm Club, of Washington, Mo., and a memorial of the Brunswick (Mo.) Farm Club, asking that prices for farm products be so fixed as to assure the farmers at least production cost plus a small profit; to the Committee on Agriculture.

Also (by request), a resolution of the Wholesale Coal Trade Association, asking that the order of the Fuel Administration concerning contracts be modified; to the Committee on Agriculture.

Also (by request), memorial of National Retail Dry Goods Association, favoring the payment of the excess-profits tax in installments; to the Committee on Ways and Means.

By Mr. DALE of New York: Petition of the Paris Literary Club, of Paris, Ky., against zone postal laws; to the Committee on Ways and Means.

By Mr. DOOLING: Petition of the Central Federated Union, relative to Government ownership of the railroad lands; to the Committee on the Public Lands.

Also, petition of Association of National Advertisers, against increase in second-class postage; to the Committee on Ways and Means.

By Mr. ESCH: Papers in support of House bill 10795, granting an increase of pension to William P. Visgar; to the Committee on Invalid Pensions.

By Mr. FULLER of Illinois: Memorial of Illinois State Bankers' Association, favoring universal military training; to the Committee on Military Affairs.

Also, petition of the National Retail Dry Goods Association, for a measure to permit the payment of income and excess-profits taxes in installments; to the Committee on Ways and Means.

Also, petitions of the Woman's Civic Club, of Radford, Va.; the Penelope Club, of Fort Worth, Tex.; the Woman's Press Club, of Cincinnati, Ohio; and the Wednesday Club, of Fort Smith, Ark., urging the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

Also, resolution adopted by the U. S. Grant Post, No. 28, Department of Illinois, Grand Army of the Republic, favoring a bill granting a pension of \$50 per month to all surviving veterans of the Civil War; to the Committee on Invalid Pensions.

By Mr. HILLIARD: Petition of Susette E. Pease, John Beaton, Z. M. Wright, C. W. Blake, J. Engle, Verne L. Capron, G. A. Yeager, Metta L. Bremmels, and 30 others, all citizens of the State of Colorado, praying for immediate war prohibition; to the Committee on the Judiciary.

Also, petition of Gertrude Blakesley, Lillian S. Fisher, Alice W. Andrews, Laura S. Brannan, Gertrude R. Scholasser, Grace O. Krout, Ida A. Gilland, Mrs. E. H. Mohrbacher, A. F. Culbertson, Gretchen Brecknermann-Smith, and 41 others, all citizens of the State of Colorado, praying for immediate war prohibition; to the Committee on the Judiciary.

By Mr. McCLINTIC: Petition of sundry citizens of Jackson County and Custer, Okla., asking relief for farmers in manufactured articles they must buy; to the Committee on Agriculture.

Also, petition of sundry citizens of Olustee, Okla., favoring closing all breweries during the war; to the Committee on the Judiciary.

By Mr. MADDEN: Petition of Lithuanians of the State of Illinois, relative to independence for Lithuania; to the Committee on Foreign Affairs.

By Mr. O'SHAUNESSY: Resolution of the army and navy committee of the city of Newport, R. I., in re extension of the naval training station; to the Committee on Naval Affairs.

By Mr. RAINEY: Petition of E. F. Crane and other citizens of Mount Sterling, Ill., favoring universal military training; to the Committee on Military Affairs.

By Mr. TIMBERLAKE: Petition of Morgan County Federation of Farm Women's Clubs, Fort Morgan, Colo., against any increase in second-class postage; to the Committee on Ways and Means.

Also, petition of Walter M. Long, Boulder, Colo., relative to patent for 10 claims, Sugar Loaf mining district, Boulder County, Colo.; to the Committee on Mines and Mining.

SENATE.

WEDNESDAY, March 20, 1918.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we worship Thee and hold in reverence and godly fear Thy holy name. We pray Thee to help us to see it through in these tragic times, that we may understand that God is working through men against blind force and hate and rage for the establishment of order and justice and peace in this world. Give us the inspiration of this noble and divine enterprise in all that we do in this Chamber. We ask for Christ's sake. Amen.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. VARDAMAN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

SEACOAST FORTIFICATIONS (S. DOC. NO. 263).

The VICE PRESIDENT laid before the Senate a communication from the Acting Secretary of War, stating that upon information the appropriation of \$1,000,000 for contingent expenses incident to the construction of seacoast fortifications and other accessories carried in the law of June 15, 1917, does not apply to the insular possessions, the Panama Canal, or Porto Rico, and recommending that a proviso authorizing the extension of this appropriation be placed in the fortifications bill for 1919, which was referred to the Committee on Appropriations and ordered to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed a joint resolution (H. J. Res. 154) authorizing the erection of a memorial in Washington to the memory and in honor of the members of the various orders of sisters who gave their services as nurses on battle fields, in hospitals, and on floating hospitals during the Civil War, in which it requested the concurrence of the Senate.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 9314) making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FLOON, Mr. LINTHICUM, and Mr. COOPER of Wisconsin managers at the conference on the part of the House.

MEMORIAL TO CIVIL WAR NURSES.

Mr. WEEKS. Is it in order at this time to take up the joint resolution just received from the House of Representatives?

The VICE PRESIDENT. By unanimous consent.

Mr. WEEKS. I ask unanimous consent that immediate consideration be given to the joint resolution.

The VICE PRESIDENT. The Chair lays before the Senate the joint resolution, and it will be read at length.

The joint resolution (H. J. Res. 154) authorizing the erection of a memorial in Washington to the memory and in honor of the members of the various orders of sisters who gave their services as nurses on battle fields, in hospitals, and on floating hospitals during the Civil War was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the Chief of Engineers, United States Army, be, and he is hereby, authorized and directed to grant permission to the Ladies' Auxiliary, Ancient Order of Hibernians in America, for the erection on public grounds of the United States of America in the city of Washington, D. C., other than those of the Capitol, the Library of Congress, and the White House, of a memorial to the members of the various orders of sisters who gave their services as nurses